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NOVEMBER 11, 1939

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Contents

EUROPE:

| | |
|--|------|
| Neutrality Act of 1939—rules and regulations: | Page |
| Combat areas | 479 |
| Travel of American citizens on belligerent vessels | 480 |
| Arms for disciplinary purposes on American vessels | 481 |
| Contributions for relief in belligerent countries | 482 |
| Transfer of title | 485 |
| Detention by belligerents of American vessels for examination of papers or cargoes | 486 |

THE AMERICAN REPUBLICS:

| | |
|---|-----|
| Conference on Inter-American Relations in the Field of Education: | |
| Address by the Secretary of State | 489 |
| The Policy and Program of the United States Government in International Cultural Relations: Remarks by Under Secretary Welles | 491 |
| Proceedings of the Conference | 494 |
| Meeting of Treasury Representatives of the American Republics | 506 |
| The Good-Neighbor Policy for the Americas: Summary of Remarks by Assistant Secretary Grady | 507 |
| THE FAR EAST: | |
| Address by the American Ambassador to Japan | 509 |

[Over]



| | Page |
|--|------|
| COMMERCIAL POLICY: | |
| Letter from the Secretary of State to Senator Capper | 516 |
| Analysis of the trade agreement with Venezuela | 524 |
| PUBLICATIONS: | |
| Publication of <i>Foreign Relations of the United States,</i> 1924 | 540 |
| TREATY INFORMATION: | |
| Arbitration and judicial settlement: | |
| General Act for the Pacific Settlement of Interna- tional Disputes | 541 |
| Mutual guaranties: | |
| Pact of Mutual Assistance between Latvia and the Union of Soviet Socialist Republics | 542 |
| Pact of Mutual Assistance between Estonia and the Union of Soviet Socialist Republics | 543 |
| Anglo-Franco-Turkish Treaty of Mutual Assistance. | 544 |
| Organization: | |
| Protocol for the Amendment of the Preamble, of Articles 1, 4, and 5, and of the Annex to the Cov- enant of the League of Nations | 546 |
| Extradition: | |
| Extradition treaty with Germany (Treaty Series No. 836) | 546 |
| Health: | |
| Convention Modifying the International Sanitary Convention of June 21, 1926 | 547 |
| Commerce: | |
| Reciprocal Trade Agreement with Venezuela | 547 |

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Europe

NEUTRALITY ACT OF 1939—RULES AND REGULATIONS

Combat Areas

[Released to the press November 6]

REGULATIONS UNDER SECTION 3 OF THE JOINT RESOLUTION OF CONGRESS APPROVED NOVEM- BER 4, 1939

NOVEMBER 6, 1939.

The President's Proclamation of November 4, 1939, issued pursuant to the provisions of section 3 of the joint resolution of Congress approved November 4, 1939, provides as follows:

[Here follows the text of the proclamation defining combat areas, which is printed in the *Bulletin* of November 4, 1939 (vol. I, No. 19), pages 454-455.]

By virtue of the authority vested in him by the President's proclamation quoted above to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out the provisions of section 3 of the joint resolution of Congress approved November 4, 1939, as made effective by this proclamation, the Secretary of State prescribes the following regulations:

(1) Holders of American passports issued or validated subsequent to September 4, 1939 for travel in Europe are hereby permitted to proceed, in accordance with the authorizations and subject to the restrictions noted on such passports, into and through any such combat area, whether by surface vessels or aircraft, or both, until further regulation. Holders of American passports, whether or

not so issued or validated, presently in the combat areas defined by the proclamation of the President of the United States dated November 4, 1939, are hereby permitted to proceed into and through such combat areas in connection with travel in accordance with the authorizations and subject to the restrictions noted on such passports, until further regulation.

(2) The provisions of the President's Proclamation of November 4, 1939, do not apply to the current voyage of any American vessel which cleared for a foreign port in the combat area defined in that proclamation and which departed from a port or from the jurisdiction of the United States in advance of the date of the President's proclamation.

(3) The provisions of the proclamation do not apply to vessels of the United States Navy or the United States Coast Guard proceeding through or into this area under orders or in the course of duty.

(4) The provisions of the proclamation do not apply to any American vessel which, by arrangement with the appropriate authorities of the United States Government, is commissioned to proceed into or through this combat area in order to evacuate citizens of the United States who are in imminent danger to their lives as a result of combat operations incident to the present war, or to any American vessel proceeding into or through this area under

charter or other direction and control of the American Red Cross and under safe conduct granted by belligerent states named in the

President's proclamation of November 4, 1939.

CORDELL HULL,
Secretary of State.

Travel of American Citizens on Belligerent Vessels

[Released to the press November 6]

REGULATIONS UNDER SECTION 5 OF THE JOINT RESOLUTION OF CONGRESS APPROVED NOVEMBER 4, 1939

Section 5 of the joint resolution of Congress approved November 4, 1939, provides as follows:

"(a) Whenever the President shall have issued a proclamation under the authority of section 1 (a) it shall thereafter be unlawful for any citizen of the United States to travel on any vessel of any state named in such proclamation, except in accordance with such rules and regulations as may be prescribed.

"(b) Whenever any proclamation issued under the authority of section 1 (a) shall have been revoked with respect to any state the provisions of this section shall thereupon cease to apply with respect to such state, except as to offenses committed prior to such revocation."

Section 15 of the said joint resolution provides as follows:

"In every case of the violation of any of the provisions of this joint resolution or of any rule or regulation issued pursuant thereto where a specific penalty is not herein provided, such violator or violators, upon conviction, shall be fined not more than \$10,000, or imprisoned not more than two years, or both."

On November 4, 1939, the President issued a proclamation in respect to France; Germany; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa under the authority of section 1 of the said joint resolution, thereby making effective in respect to those countries

the provisions of section 5 of the said joint resolution quoted above.

Section 13 of the said joint resolution provides as follows:

"The President may, from time to time, promulgate such rules and regulations, not inconsistent with law as may be necessary and proper to carry out any of the provisions of this joint resolution; and he may exercise any power or authority conferred on him by this joint resolution through such officer or officers, or agency or agencies, as he shall direct."

The President's proclamation of November 4, 1939, issued pursuant to the provisions of section 1 of the above-mentioned joint resolution provides in part as follows:

"And I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred on me by the said joint resolution, as made effective by this my proclamation issued thereunder, which is not specifically delegated by Executive order to some other officer or agency of this Government, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions."

In pursuance of those provisions of the law and of the President's proclamation of November 4, 1939, which are quoted above, the Secretary of State announces the following regulations:

American diplomatic and consular officers and their families, members of their staffs and their families, and American military and naval officers and personnel and their families

may travel pursuant to orders on vessels of France; Germany; Poland; or the United Kingdom, India, Australia, Canada, New Zealand and the Union of South Africa if the public service requires.

Other American citizens may travel on vessels of France; Germany; Poland; or the United Kingdom, India, Australia, Canada, New Zealand and the Union of South Africa, provided, however, that travel on or over the

north Atlantic Ocean north of 35 degrees north latitude and east of 66 degrees west longitude or on or over other waters adjacent to Europe or over the continent of Europe or adjacent islands shall not be permitted except when specifically authorized by the Secretary of State in each case.

CORDELL HULL,
Secretary of State.

NOVEMBER 6, 1939.

Arms for Disciplinary Purposes on American Vessels

[Released to the press November 6]

**REGULATIONS UNDER SECTION 6 OF THE JOINT
RESOLUTION OF CONGRESS APPROVED NOVEMBER
4, 1939**

Section 6 of the joint resolution of Congress approved November 4, 1939, provides as follows:

"Whenever the President shall have issued a proclamation under the authority of section 1 (a), it shall thereafter be unlawful, until such proclamation is revoked, for any American vessel, engaged in commerce with any foreign state to be armed, except with small arms and ammunition therefor, which the President may deem necessary and shall publicly designate for the preservation of discipline aboard any such vessel."

Section 15 of the said joint resolution provides as follows:

"In every case of the violation of any of the provisions of this joint resolution or of any rule or regulation issued pursuant thereto where a specific penalty is not herein provided, such violator or violators, upon conviction, shall be fined not more than \$10,000, or imprisoned not more than two years, or both."

On November 4, 1939, the President issued a proclamation in respect to France; Germany; Poland; and the United Kingdom, India, Aus-

tralia, Canada, New Zealand and the Union of South Africa under the authority of section 1 of the said joint resolution, thereby making effective the provisions of section 6 of the said joint resolution quoted above.

Section 13 of the said joint resolution provides as follows:

"The President may, from time to time, promulgate such rules and regulations, not inconsistent with law as may be necessary and proper to carry out any of the provisions of this joint resolution; and he may exercise any power or authority conferred on him by this joint resolution through such officer or officers, or agency or agencies, as he shall direct."

The President's proclamation of November 4, 1939, issued pursuant to the provisions of section 1 of the above-mentioned joint resolution provides in part as follows:

"And I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred upon me by the said joint resolution, as made effective by this my proclamation issued thereunder, which is not specifically delegated by Executive order to some other officer or agency of this Government, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions."

In pursuance of those provisions of the law and of the President's proclamation of November 4, 1939, which are quoted above, the Secretary of State announces the following regulations:

Contributions for Relief in Belligerent Countries

[Released to the press November 6]

RULES AND REGULATIONS GOVERNING THE SOLICITATION AND COLLECTION OF CONTRIBUTIONS FOR USE IN FRANCE; GERMANY; POLAND; AND THE UNITED KINGDOM, INDIA, AUSTRALIA, CANADA, NEW ZEALAND, AND THE UNION OF SOUTH AFRICA

Section 8 of the joint resolution of Congress approved November 4, 1939 (Public Resolution—No. 54—76th Congress—Second Session) provides as follows:

"SEC. 8. (a) Whenever the President shall have issued a proclamation under the authority of section 1 (a), it shall thereafter be unlawful for any person within the United States to solicit or receive any contribution for or on behalf of the government of any state named in such proclamation or for or on behalf of any agent or instrumentality of any such state.

"(b) Nothing in this section shall be construed to prohibit the solicitation or collection of funds and contributions to be used for medical aid and assistance, or for food and clothing to relieve human suffering, when such solicitation or collection of funds and contributions is made on behalf of and for use by any person or organization which is not acting for or on behalf of any such government, but all such solicitations and collections of funds and contributions shall be in accordance with and subject to such rules and regulations as may be prescribed.

"(c) Whenever any proclamation issued under the authority of section 1 (a) shall have been revoked with respect to any state the provisions of this section shall thereupon cease

American vessels engaged in commerce with foreign states may carry such small arms and ammunition as the masters of these vessels may deem indispensable for the preservation of discipline aboard the vessels.

to apply with respect to such state, except as to offenses committed prior to such revocation."

Section 15 of the said joint resolution provides as follows:

"SEC. 15. In every case of the violation of any of the provisions of this joint resolution or of any rule or regulation issued pursuant thereto where a specific penalty is not herein provided, such violator or violators, upon conviction, shall be fined not more than \$10,000, or imprisoned not more than two years, or both."

On November 4, 1939, the President issued a proclamation in respect to France; Germany; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa under the authority of section 1 of the said joint resolution, thereby making effective in respect to those countries the provisions of section 8 of the said joint resolution quoted above.

Section 13 of the said joint resolution provides as follows:

"SEC. 13. The President may, from time to time, promulgate such rules and regulations, not inconsistent with law as may be necessary and proper to carry out any of the provisions of this joint resolution; and he may exercise any power or authority conferred on him by this joint resolution through such officer or officers, or agency or agencies, as he shall direct."

The President's proclamation of November 4, 1939, referred to above, issued pursuant to

the provisions of section 1 of the above-mentioned joint resolution provides in part as follows:

"And I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred on me by the said joint resolution, as made effective by this my proclamation issued thereunder, which is not specifically delegated by Executive order to some other officer or agency of this Government, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions."

In pursuance of those provisions of the law and of the President's proclamation of November 4, 1939, referred to above, the Secretary of State promulgates the following regulations:

(1) The term "person" as used herein and in the act of November 4, 1939, includes a partnership, company, association, organization, or corporation as well as a natural person.

(2) Any person within the United States, its territories, insular possessions (including the Philippine Islands), the Canal Zone, and the District of Columbia who desires to engage in the solicitation or collection of contributions to be used for medical aid and assistance in France; Germany; Poland; or the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa, or for food and clothing to relieve human suffering in any of those countries, and who is not acting for or on behalf of the Governments of France; Germany; Poland; or the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa, or for any agent or instrumentality of such countries, shall register with the Secretary of State. To this end, such person shall make application in duplicate to the Secretary of State upon the form provided therefor.

(3) Organizations or associations having chapters or affiliates shall list them in their application for registration and shall set forth therein the addresses of such chapters or affil-

iates. In case chapters or affiliates are formed after the registration of the parent organization, the parent should immediately inform the Secretary of State in order that its registration may be amended to name the new chapters or affiliates.

(4) No person shall solicit or collect contributions without having in his possession a notice from the Secretary of State of acceptance of registration which has not been revoked; Provided, however, that nothing in this regulation shall be construed as requiring a duly authorized agent of a registrant to have in his possession a notice of acceptance of registration. Chapters or affiliates named in the parent organization's registration may, of course, operate under this registration. Notices of acceptance of registration shall not be exhibited, used, or referred to in any manner which might be construed as implying official endorsement of the persons engaged in the solicitation or collection of contributions.

(5) All persons registered with the Secretary of State must maintain for his inspection or that of his duly authorized agent, complete records of all transactions in which the registrant engages.

(6) Persons receiving notification of acceptance of registration shall submit to the Secretary of State not later than the tenth day of every month following the receipt of such notification sworn statements, in duplicate, on the form provided therefor setting forth fully the information called for therein.

(7) The Secretary of State reserves the right to reject applications or to revoke registrations for failure on the part of the registrant to comply with the provisions or purposes of the law or of these regulations.

(8) A registrant may act as an agent for the transmittal abroad of funds received by another registrant, but such funds shall not be accountable as contributions received by the transmitting registrant.

(9) Any changes in the facts set forth in the registrant's application for registration, such as change of address, of officers, or of means of distribution abroad, should be re-

ported promptly to the Secretary of State in the form of a supplemental application, in duplicate, properly sworn to.

(10) In view of the purposes and special status of "The American National Red Cross" as set forth in the Act of Congress approved January 5, 1905, entitled "An Act to incorporate the American National Red Cross" (33 Stat. 599), and particularly in view of the fact that it is required by law to submit to the Secretary of War for audit "a full, complete, and itemized report of receipts and expenditures of whatever kind", so that the submission to the Secretary of State of reports of funds received and expended would constitute an unnecessary duplication, "The American National Red Cross" is not required to conform to the provisions of these regulations.

(11) No registration will be accepted until satisfactory evidence is presented to the Secretary of State that the applicant for registration has organized an active and responsible governing body which will serve without compensation and which will exercise a satisfactory administrative control, and that the funds collected by the registrant will be handled by a competent and trustworthy treasurer.

(12) No registration will be accepted if the means proposed to be used to solicit or collect contributions include the employment of solicitors on commission or any other commission method of raising money; the use of the "remit or return" method of raising money by the sale of merchandise or tickets; the giving of entertainments for money-raising purposes if the estimated costs of such entertainments, including compensation, exceed 30 percent of the gross proceeds, or any other wasteful or unethical method of soliciting contributions.

(13) No registration will be accepted until the Secretary of State has been informed in writing by a responsible officer of the applicant for registration that he has read these regulations.

(14) The Secretary will exercise the right reserved under regulation (7) to revoke any registration upon receipt of evidence which

leads him to believe that the registrant has failed to maintain such a governing body as that described under regulation (11), has failed to employ such a treasurer as that described under regulation (11), has employed any of the methods for soliciting contributions set forth under regulation (12), has employed unethical methods of publicity, or has failed to attain a reasonable degree of efficiency in the conduct of operations.

(15) The sworn statement to be submitted by registrants in accordance with regulation (6) shall be supplemented by such further information as the Secretary of State may deem necessary.

(16) Valid registrations under the rules and regulations governing the solicitation and collection of contributions for use in belligerent countries promulgated September 5, 9, and 11, and October 4, 1939, pursuant to section 3 of the Neutrality Act of May 1, 1937, remain valid under these regulations.

CORDELL HULL,
Secretary of State.

NOVEMBER 6, 1939.

[Released to the press November 9]

The following persons and organizations have registered with the Secretary of State since October 28, 1939 (the names of 151 registrants were published on and before that date) under the rules and regulations governing the solicitation and collection of contributions to be used for medical aid and assistance or for the supplying of food and clothing to relieve human suffering in the countries now at war, promulgated pursuant to the provisions of section 3 (a) of the Neutrality Act of May 1, 1937, as made effective by the President's proclamations of September 5, 8, and 10, 1939, and pursuant to the provisions of section 8 of the act of November 4, 1939, as made effective by the President's proclamation of November 4, 1939 (the names in parentheses represent the countries to which contributions are being sent):

152. Les Anciens Combattants Français de la Grande Guerre, Room 313 War Memorial Building, San Francisco, Calif. (France)

153. Polish Relief Fund, Echo Club, 341 Portage Road, Niagara Falls, N. Y. (Poland)

154. United Committee for French Relief, 330 West Thirtieth Street, New York, N. Y. (France)

155. Polish Civilian Relief Fund, St. Joseph's School Hall, Monroe Street, Passaic, N. J. (Poland)

156. Polish Aid Association of the Sixth Congressional District, including Perham and Browerville, Minn., Little Falls, Minn. (Poland)

157. Central Committee Knesseth Israel, 214 East Broadway, New York, N. Y. (Palestine)

158. Polish Relief Committee of Nassau County, N. Y., 450 Front Street, Hempstead, N. Y. (Poland)

159. L'Union Alsacienne, Inc., 28 West Thirty-ninth Street, New York, N. Y. (France)

160. Committee of the American Fund for Breton Relief, care of Mrs. W. Kennedy Boone, Jr., 21 East 10th Street, New York, N. Y. (France)

161. Polish Relief Fund of Syracuse, N. Y., and vicinity, 1411 West Genesee Street, Syracuse, N. Y. (Poland)

162. Polish Relief Committee, 1680 Acushnet Avenue, New Bedford, Mass. (Poland)

163. American Friends of Czecho-Slovakia, Room 2213, 8 West Fortieth Street, New York, N. Y. (Great Britain, France, and Bohemia and Moravia)

164. The Sacred Heart Roman Catholic Church, Sacred Heart Rectory, Furnace Street, Little Falls, N. Y. (Poland)

165. Golden Rule Foundation, 60 East Forty-second Street, New York, N. Y. (Poland and Palestine)

166. United Polish Committees in Racine, Wis., 1809 Howe Street, Racine, Wis. (Poland)

167. Saint Adalbert's Polish Relief Association, Polish National Home, Thompsonville, Conn. (Poland)

168. Cercle Français de Seattle, 308 Marion Street, Seattle, Wash. (France and Great Britain)

169. General Gustav Orlicz Dreszer Foundation for Aid to Polish Children, 209 Heurich Building, Washington, D. C. (Poland)

170. Polish Relief Committee of Holyoke, Mass., 200 Main Street, Holyoke, Mass. (Poland)

171. Ware Polish Relief Fund, Pulaski Street, Ware, Mass. (Poland)

172. Milford, Connecticut, Polish Relief Fund Committee, 61 Lafayette Street, Milford, Conn. (Poland)

173. Central Council of Polish Organizations, 103 West Miller Street, New Castle, Pa. (England, Poland, and France)

174. Polish Relief Committee, 138 Bernard Street, Rochester, N. Y. (Poland)

175. Polish Relief Fund of Fall River, Mass., 827 Globe Street, Fall River, Mass. (Poland)

176. American Auxiliary Committee de L'Union des Femmes de France, 353 Fourth Avenue, New York, N. Y. (France)

Transfer of Title

[Released to the press November 10]

**REGULATIONS UNDER SECTION 2 (C) AND (I) OF
THE JOINT RESOLUTION OF CONGRESS APPROVED
NOVEMBER 4, 1939**

On November 4, 1939, the President issued a proclamation under the authority of section 1 of the joint resolution of Congress approved

on that same day finding that a state of war exists between Germany and France; Poland; and the United Kingdom, India, Australia, Canada, New Zealand, and the Union of South Africa and thereby making applicable to the export or transport to those countries of any articles or materials (except copyrighted articles or materials) the provisions of section

2 (c), (d), (e), (f), (g), (h), (i), and (l) of the said joint resolution.

The President's Proclamation of November 4, 1939, provides in part as follows:

"And I do hereby delegate to the Secretary of State the power to exercise any power or authority conferred on me by the said joint resolution as made effective by this my proclamation issued thereunder, which is not specifically delegated by Executive order to some other officer or agency of this Government, and the power to promulgate such rules and regulations not inconsistent with law as may be necessary and proper to carry out any of its provisions."

By virtue of the authority vested in him by the President's proclamation quoted above to promulgate such rules and regulations not inconsistent with law which may be necessary and proper to carry out the provisions of section 2 (c) and (i) of the joint resolution of Congress approved November 4, 1939, as made effective by this proclamation, the Secretary of State prescribes the following rules and regulations:

(1) The provisions of section 2 (c) do not apply to personal effects and household goods or any other articles or materials intended for the personal use of any United States citizen traveling on a valid passport.

(2) The provisions of section 2 (c) do not apply to any articles or materials exported for relief purposes by the American Red Cross or by any person or organization authorized to solicit and collect contributions under the rules and regulations issued by the Secretary of State pursuant to section 8 of the Neutrality Act of November 4, 1939.

(3) The provisions of section 2 (c) do not apply to the transport to any of the countries named in the President's Proclamation of November 4, 1939, referred to above, of arms and ammunition intended exclusively for sporting or scientific purposes, when carried on the person of an individual or in his baggage.

(4) Articles and materials the shipment of which originated outside the geographic United States and which are shipped through the United States in bond or which arrive at a port in the United States merely as an incident of transit between two foreign points, whether or not transshipped in a port of the United States, need not be covered by the sworn declaration as to transfer of title required by section 2 (c) of the Neutrality Act of 1939 if the shipper is outside the geographic United States and is not a citizen of the United States, or an agent of such citizen, and the articles and materials are not consigned to a citizen of the United States, or an agent of such citizen.

* * * * *

DETENTION BY BELLIGERENTS OF AMERICAN VESSELS FOR EXAMINATION OF PAPERS OR CARGOES

[Released to the press November 8]

Following is a tabulation completed to November 8, 1939, showing the American vessels which have been reported to the Department of State as having been detained by belligerents since September 1, 1939, for examination of papers or cargo.

It was explained at the Department of State that injury to American vessels destined to

European ports has not resulted in the main from their diversion from the high seas to belligerent ports. As a general practice, for reasons of their own, these vessels ordinarily put into belligerent ports en route to their destinations and the principal difficulty thus far has arisen in connection with delay involved in the examination of the vessels and their cargoes before being permitted to proceed on

their voyages. Although all cases of detention may not have been reported to the De-

partment, the statement is as nearly complete as is possible to arrange it.

AMERICAN VESSELS REPORTED TO DEPARTMENT TO HAVE BEEN DETAILED BY BELLIGERENTS SINCE SEPTEMBER 1, 1939, FOR EXAMINATION OF PAPERS OR CARGO

| Name of vessel | Owner or operator | Cargo | Detained | Released |
|---------------------|---|---|---|---|
| Saccarappa----- | South Atlantic S. S. Co. | Phosphate, cotton, general. | Arrived September 3. Cargo seized September 8 by British authorities. | Ship released promptly. Cargo unloaded. |
| Shiekshinny----- | South Atlantic S. S. Co. | Phosphate, cotton. | Detained September 16, Glasgow, by British authorities. | September 18. |
| Sundance----- | South Atlantic S. S. Co. | Rosin and general cargo. | Detained October 11, London, British authorities. | October 25. |
| Black Osprey----- | Black Diamond Lines. | General----- | Vessel picked up September 5 by British naval vessel. | September 13. |
| Santa Paula----- | Grace Line----- | | When 30 miles from Curaçao ordered to stop, delayed 20 minutes, unidentified British cruiser, believed to be <i>Essex</i> . | |
| Executive----- | American Export Lines, Inc. | | Detained Casablanca, Morocco, September 27 on orders from Paris because of nature of cargo. | September 29 on condition vessel proceed to Bizerte, Tunisia. |
| Ethan Allen----- | Lykes Bros. S. S. Co. | Tobacco----- | British authorities, September 20. | September 30. |
| Patrick Henry----- | Lykes Bros. S. S. Co. | Cotton, flour, copper. | British authorities, October 10. | October 22. |
| Oakman----- | Lykes Bros. S. S. Co. | ----- | British authorities, October 13. | October 27. |
| Granford----- | Lykes Bros. S. S. Co. | ----- | British authorities, October 17. | October 21. |
| Nashaba----- | Lykes Bros. S. S. Co. | Copper, cotton, etc. | French authorities, October 14. | October 25. |
| West Hobomac----- | Lykes Bros. S. S. Co. | Gilsonite, cotton, rice. | French authorities, October 18. | October 25. |
| City of Joliet----- | Lykes Bros. S. S. Co. | Cotton, lead, copper, etc. | French authorities, September 14. | October 5. |
| Syros----- | Lykes Bros. S. S. Co. | Cotton, lead, machinery. | French authorities, September 22. | October 10. |
| Hybert----- | Lykes Bros. S. S. Co. | ----- | Detained September 10 about 2 hours by German submarine. Examined papers and warned not to use radio for 24 hours. | |
| Lehigh----- | U. S. Maritime Commission. | Cargo for Hamburg. | British authorities, September 5. | September 7. |
| Warrior----- | Waterman S. S. Corp. | Phosphate rock. | British, September 7, cargo phosphate requisitioned. | September 18. |
| Wacosta----- | Waterman S. S. Corp. | ----- | Detained September 9 for 3 hours by German submarine. Papers examined, holds searched. | September 9. |
| Black Eagle----- | Black Diamond Lines. | ----- | British authorities, October 26. | November 5. |
| Exochorda----- | American Export Lines, Inc. | ----- | French authorities at Marseille. Removed 2 seamen (German nationality) September 6. | September 6. |
| City of Flint----- | U. S. Maritime Commission, owner. Chartered to United States Lines. | General cargo part of which contraband. | Seized on high seas by German vessel and taken by prize crew to Soviet port. | November 4 by Norwegian authorities. |
| I. C. White----- | Standard Oil of N. J. | ----- | Tanker challenged by an unidentified cruiser September 7, when 15 miles offshore near Barranquilla, Colombia. | |

**AMERICAN VESSELS REPORTED TO DEPARTMENT TO HAVE BEEN DETAILED BY BELLIGERENTS
SINCE SEPTEMBER 1, 1939, FOR EXAMINATION OF PAPERS OR CARGO—Continued**

| Name of vessel | Owner or operator | Cargo | Detained | Released |
|---------------------|-----------------------------|-------|--|------------------------------|
| Egiantine----- | Lykes Bros. S. S. Co. | | Ordered to stop by German submarine September 18; told not to use radio and to send papers for inspection. Advised not to use radio for 3 hours on being permitted to proceed. | After 1 hour and 20 minutes. |
| Meanticut----- | Lykes Bros. S. S. Co. | | British, October 23. Ordered to proceed to Oran to discharge certain Italian cargo. | October 27. |
| West Gambo----- | Lykes Bros. S. S. Co. | | French, October 22. 750 bales carbon black ordered ashore. | |
| Endicott----- | Lykes Bros. S. S. Co. | | French, October 22. 2,276 bars of copper and 1,796 bags of carbon black ordered ashore. | |
| President Hard-ing. | United States Lines | | French, September 9. Cargo still under seizure on October 28: 135 tons copper, 34 tons petroleum, hides, oil, coffee, tin plate, and miscellaneous. | Promptly. |
| Scanstates----- | American Seantic Line. | | British authorities at Kirkwall, October 14, 1939. | October 20. |
| Scanpenn----- | American Seantic Line. | | British authorities at Kirkwall, October 30, 1939. | |
| Black Condor----- | Black Diamond Lines. | | British authorities, September 17, 1939. | September 24. |
| Black Eagle----- | Black Diamond Lines. | | British authorities at Downs, September 12, 1939. | September 19. |
| Black Falcon----- | Black Diamond Lines. | | British authorities, October 6, 1939. | October 17. |
| Black Gull----- | Black Diamond Lines. | | British authorities, October 6, 1939. | October 11. |
| Black Hawk----- | Black Diamond Lines. | | British authorities, September 19, 1939. | Probably Octo-ber 4. |
| Black Heron----- | Black Diamond Lines. | | British authorities at Weymouth, October 7, 1939 | October 16. |
| Black Tern----- | Black Diamond Lines. | | British authorities, October 11, 1939 | October 28. |
| Black Osprey----- | Black Diamond Lines. | | British authorities at Downs, Oc-tober 31, 1939 | |
| Exporter----- | American Export Lines, Inc. | | British authorities at Gibraltar, October 14, 1939 | October 27. |
| Hybert----- | Lykes Bros. S. S. Co. | | British authorities at Downs, Oc-tober 30, 1939 | |
| Exeter----- | American Export Lines, Inc. | | French authorities, October 5, 1939. Vessel westbound from Marseille. Reported to have been examined several times by French naval authorities. | October 6. |

The American Republics

CONFERENCE ON INTER-AMERICAN RELATIONS IN THE FIELD OF EDUCATION

Address by the Secretary of State¹

[Released to the press November 9]

At the outset let me express the thanks of the Department of State for your willingness to lay aside your duties and join us today. We are peculiarly in need of the kind of assistance which you can give. We are seeking to examine certain aspects of international relations in which education and educators may make a unique contribution; and we are endeavoring, through common counsel, to find the methods and means by which that contribution may be made most effective.

The greatest triumph of this hemisphere thus far has been the establishment of the peace of the Americas, peace by cooperation instead of by conquest or by balance of power. This has been built through many experiments and many phases; it has had setbacks; but in the main, the Western Hemisphere has succeeded in marked degree in making itself free from the militarism of the Old World, and free from the idea that only through successive wars can its civilization be maintained.

All of us are, I am sure, familiar with the diplomatic and governmental aspects of the work which the 21 American republics have endeavored to carry on and to which this Government has tried consistently to contribute. Over many decades the principal problems affecting inter-American development and bearing on the peace of the Americas were primarily within the American continents. We were interested particularly in the relationships between the countries of this hemisphere. It was necessary to place those relationships firmly on a basis of law, rather than force, and to bring about recognition of the juridical equality of every nation on this hemisphere, irrespective of size or

numerical strength. It was necessary to work out a sort of inter-American national bill of rights, which would include complete respect for the sovereignty of every country, the elimination of intervention, the perfecting of mechanisms by which disputes could be solved through reason. At the Conference of Montevideo in 1933, substantial agreement was reached on these essential principles.

Three years later, in 1936, the danger of warfare overseas became apparent, and with it a very real danger that much of the world might slip back into the anarchy of international relations based purely on force. It was the firm resolve of this Government, as indeed of the other American governments, that the New World must be kept free of that tragedy. The Conference for the Maintenance of Peace, at Buenos Aires in 1936, was called and held for the specific purpose of endeavoring to set up methods and agreements which would prevent the rising tide of anarchy from invading this hemisphere. In consequence, the 21 American republics concluded certain agreements designed to make possible common action by all of the 21 republics in the event that peace was threatened.

During the next 2 years, the trend of affairs in other parts of the world continued to worsen; and signs were not wanting that certain overseas governments had interested themselves in the affairs of the American Continent. In that atmosphere the Eighth International Conference of American States met at Lima in December of last year. The Conference rightly appraised its task as that of setting

¹ Delivered November 9, 1939.

up the principles and the mechanics for defending the peace of the New World against any attempt to subvert it by any outside power or force. The result was the Declaration of Lima, by which the 21 American republics agreed that they would defend and maintain the integrity of the republican institutions to which the New World is committed; that they would regard an attack on any one of these nations as an attack on all; and that they would consult together to take measures for the common defense in the event of a threat to peace, or attack on any one of the American family. With the outbreak of war last September, the mechanics thus set up were promptly brought into action at the recent consultation held at Panamá.

At all these conferences, vigorous efforts were made, by discussion and agreement, to place the economic relations of the American nations—and of each of them with the rest of the world—upon a sound basis of mutual benefit. We have sought to lay the foundation for an elimination or reduction of excessive trade barriers and for the establishment of the vital principle of equality of commercial treatment. In the relations of government to government, we have striven to implement these ideas through appropriate action—for the sake of promoting the economic well-being of each of us, as well as because of our firm conviction that sound and healthy economic relations among nations constitute an indispensable foundation of enduring peace.

This is a bare outline of diplomatic and governmental steps. Those of us who have most to do with measures of government are fully aware of the fact that governmental action can never rise higher than its source, and that the source is the moral and intellectual structure which lies behind and beneath the formal governmental action. Bad mechanical arrangements may be successful when there is common understanding, when men's minds march together, and when none of the parties are strangers to each other's ideas and ideals. On the other hand, the best technical arrangements in the world are futile if

there is not underlying them the foundation of that understanding. For this reason we, in common with our neighbors, are especially interested in buttressing the economic and political relations which we have by broad understanding between peoples. The creation and continuance of this understanding is, I am convinced, the peculiar contribution which education can make to inter-American relations and to the security, peace, and welfare of the Americas.

The present moment is unusually happy for developing to the fullest the contributions which each of us in the American family can make to the other. Never have relations between the American republics been more cordial. Never has there been greater realization that each of us has much to contribute to the other; never has there been greater mutual respect or greater comprehension. For that very reason it is clearer to all of us than ever before that the relations among our nations must not rest merely on the contacts between diplomat and diplomat, political leader and political leader, or even between businessman and businessman. They must rest also on contacts between teacher and teacher; between student and student; upon the confluence of streams of thought, as well as upon more formalized governmental action and constructive business activity.

Understanding, trust in each other, and friendliness are the foundations of those close relations of cooperation upon which the progress of all depends. Education, exchange of information, earnest effort to learn from each other and to understand and respect each other's point of view are among the greatest factors in promoting these essential objectives.

In the American republics, the intellectual plays a part of first importance in the national life. The poet, the scholar, and the teacher are likely to be found not only in universities and in cultural circles but in places of diplomatic and political responsibility. No less than in the United States, the American republics lying to the south of us make active use of their intellectual resources, and their

men of learning and letters and arts stand high in the national respect of their peoples. Our own country can afford to learn many lessons in this respect. In asking you today to consider the problem of educational and cultural relations, I am certain that out of that relationship we shall receive as much as we give. It is within our power to make our own splendid educational resources available to our neighbors, as well as to draw upon them for ideas and inspiration which may be of great use to us.

You are more familiar than I with the technical avenues for accomplishing the result which we have in mind. You realize, I am sure, how much our own country needs to learn of the civilization of other American peoples and of the possibility of disseminating this knowledge through our schools, our colleges, our universities, and our technical journals; and, in like measure, the possibilities which these institutions afford for making the tools of our own civilization available to our neighboring countries.

The process of making available the fruits of our intellectual work in the other American republics and of bringing the fruits of their work to the United States properly ought to be carried on by the private and semipublic educational agencies which are already in existence. Mechanically, the Department of State is able

to give you very considerable help. It is my hope that we may place at your disposal the facilities of this Government so that we may assist you in contributing the wisdom which you have to our neighbors who seek it; and that, in like manner, we may assist you in finding contact with the scholars and scientists and institutions of learning outside the United States which have something to say to us.

Let me close by saying that in my judgment this work in which we are all engaged is of the highest importance. None can forecast the future in world affairs. It is possible that the great shadow which lies heavily over Europe may become a long twilight. It is not inconceivable that many of the lights of western civilization may there be dimmed or altogether put out. It may even be that for a time the New World may have to guard and maintain the achievements of that civilization, holding them in trust for a time when they can once more be general throughout the world.

Though governments can help, this is not a task for government alone, but for all of us. The teachers, the men of science and learning throughout the New World, must resolve to work together to accomplish that function which is rightfully theirs: to guard, to enrich, and to forward the civilization which, in the high calling of education, all of us must seek to serve.

The Policy and Program of the United States Government in International Cultural Relations: Remarks by Under Secretary Welles²

[Released to the press November 9]

On behalf of the Department of State, it is my pleasure to extend a cordial welcome to those attending this Conference dedicated to the promotion of inter-American cultural relations in the broad field of education. In extending the invitations for this gathering, we have had in mind a threefold objective: namely, first the submission to the conferees of an outline of the Government's program, second an exchange of views regarding this aspect of international cooperation between

the American republics, and finally the exploration, in as direct and specific a manner as may be possible, of the avenues which may be opened for the increase of cultural interchanges through the coordinated activities of private agencies and of the Government. The response to our invitation, as evidenced by the presence here today of representatives of institutions from every section of the country, is highly gratifying, and the Department of

² Delivered November 9, 1939.

State is deeply appreciative of the sacrifice you have made in coming to Washington to make available to us and to each other your experience and counsel.

The importance of cultural interchanges in the development of friendly relations between the nations of the American Continent has been realized by many of the leaders in all the republics of our hemisphere. Today more than ever, it is essential that all obstacles to mutual understanding and harmony in the Americas be removed. It is more desirable than ever that both governmental and private agencies be enlisted in the common task of strengthening the cultural as well as the political and economic ties between our peoples.

It cannot be said that this task of cultural interchange has been neglected in the past. The Pan American Union has rendered a very great service to inter-American understanding through achievement in numerous fields of activity. No other single agency has contributed so much to the development of intellectual cooperation; not the least of its achievements perhaps is the stimulation of a desire for further progress, one expression of which is the fact that we are gathered here today. It is the intention of the Department of State to continue to cooperate with the Pan American Union in every possible way.

Yet, in spite of what has been done, the fact is that between the United States and the other American republics intellectual relationships have not been as close or as extensive as we might desire. We should wish to welcome to this country many more students from our neighbors, and the number of students from the United States who have availed themselves of educational facilities in the other American republics has been small when the extent of such opportunities is considered. The flow of ideas, publications, and spokesmen has thus far not been adequate.

One result of the careful thought and consideration of the means best calculated to further our objectives was the decision to establish a Division of Cultural Relations in the

Department of State. This constituted a departure from the traditional practice of our Federal Government in that educational and intellectual activities in this country have been almost completely the province of organizations and institutions under the auspices of private bodies or of State and local governmental units. These organizations and institutions, many of which are represented here today, have done admirable work on behalf of cultural cooperation and have contributed effectively to the better understanding between the peoples of this hemisphere. It appeared to us in the Department of State, however, that the time had come when the Federal Government should take a more active interest in this important field, and it was with this in mind that the Division of Cultural Relations was created in July of 1938. It should be emphasized that it is the very definite view of the Department that in this country the initiative for cultural exchange properly resides with you and that the major function of the Division is to make the good offices of the Government available to you. The conception of "an official culture" is altogether alien to us.

This emphasis on the initiative of private agencies other than those of the Federal Government is illustrated by the act which was approved at the last session of Congress authorizing the President to create such advisory committees as in his judgment may be of assistance in carrying out the reciprocal undertakings and achieving the cooperative purposes enunciated in the resolutions and declarations signed by the American republics at the Inter-American Conference for the Maintenance of Peace at Buenos Aires in 1936 and at the Eighth International Conference of American States held at Lima in 1938. In the field of cultural relations, the Department of State has already enlisted the services of a number of distinguished leaders to form a permanent advisory committee for consultation on questions covering such matters. It is anticipated that a number of subcommittees

will be created to advise on certain phases of the program. We hope that as the program develops more extensively we may continue to avail ourselves of this very valuable type of cooperation.

It seems to me that what I have said about the relative functions of the Department of State, as performed by the Division of Cultural Relations, on the one hand, and of the institutions and organizations which you represent on the other, leads naturally and logically to the definition of the Division of Cultural Relations as essentially a clearing-house, a coordinating agency, whose purpose it is to collaborate in every appropriate way without trespassing upon and much less supplanting your activities. The need for coordination springs from the very fact that there exists such a widespread and genuine desire to stimulate cultural relations; the Division can do much to see that the energies available are applied in the most efficient manner and that overlapping of activities is avoided. We can advise you about your plans and projects in the light of what is being done in the field as a whole. It is our hope that the Division of Cultural Relations will become increasingly an agency to which you may turn for the type of aid which the Government can most helpfully extend.

The creation of this new Division in the Department has served to coordinate the interest in cultural matters of the officers of the Foreign Service of the United States stationed at embassies, legations, and consulates throughout the world and particularly in the other American republics. Generally speaking, the central governments in the American republics are more actively engaged in strictly cultural activities than is the Government of the United States; in order for you to obtain or exchange information in regard to these activities, contact with Ministries of Public Instruction and with Ministries of Foreign

Affairs is often essential. We therefore are justified in hoping that you will turn to us whenever official cooperation may be useful or desirable.

Before closing, I should like to enumerate some of the activities which have already been undertaken by the newly created Division and which we like to think of as representing a beginning in the task we have set ourselves and in which we need your sympathetic advice and assistance. Among these activities may be listed the steps taken for fulfilling the Convention for the Promotion of Inter-American Cultural Relations, which provides for the annual exchange of two graduate students or teachers and one professor between each of the ratifying countries; the three book exhibitions held last summer in Buenos Aires, Montevideo, and Rio de Janeiro in which the Department cooperated with a group of 30 publishing houses; the participation in the first international Exposition of Educational Cinematography held in Buenos Aires in June of this year, and very especially the two conferences already held this autumn in which various aspects of the problem of inter-American cultural relations in the fields of art and music were examined.

I am deeply appreciative of your presence here today. I realize that you have taken time from your many occupations to come to Washington to discuss among yourselves and with the officers of the Department some of the most challenging problems in the field of education as a means of international cultural *rapprochement*. I am confident that this meeting will be fruitful in results and helpful in solving some of the major difficulties which perplex us in working out an effective program. I hope other conferences will follow in which we may join in renewed cooperative efforts to promote a wider knowledge and appreciation of the cultural achievements of all the American peoples.

Proceedings of the Conference

[Released to the press November 9]

Stressing the essential reciprocity of cultural interchange, speakers at the opening session of the Conference on Inter-American Relations in the Field of Education held at the Mayflower Hotel today pointed to the vast intellectual and artistic resources of the Western Hemisphere and emphasized the importance of increasing and making more effective programs of cultural interchange among the 21 American republics.

The Honorable Sumner Welles, Under Secretary of State, extended a message of greeting to those attending the Conference. The threefold object of the Conference, Mr. Welles said, was the submission to the Conference of an outline of the Government's program, an exchange of views regarding this aspect of international cooperation between the American republics and, finally, the exploration in as direct and specific a manner as possible of the avenues which may be opened for the increase of cultural interchange through the co-ordinated activities of private agencies and of the Government.

The importance of cultural interchanges in the development of friendly relations between the nations of the American Continent has been realized by leaders in all the republics of our hemisphere, Mr. Welles said. Today, more than ever, he added, it is essential that all obstacles to mutual understanding and harmony in the Americas be removed. To this end it is more desirable than ever that both governmental and private agencies be enlisted in the common task of strengthening the cultural as well as the political and economic ties between our peoples.

Praising the work of the Pan American Union and other agencies for their service to inter-American understanding, Mr. Welles stressed the importance of strengthening the intellectual relationships between the United States and the other American republics. "We should wish to welcome to this country many

more students from our neighbors, and the number of students from the United States who have availed themselves of educational facilities in the other American republics has been small when the extent of such opportunities is considered." Mr. Welles stated that it appeared that the time had come when the Federal Government should take a more active interest in the development of cultural cooperation with the other American republics and it was with this in mind that the Division of Cultural Relations was created in July 1938 in the Department of State. Mr. Welles emphasized the very definite view of the Department that in this country the initiative for cultural exchange properly resides in private activity and that the major function of this Division was to make the good offices of the Government available to such groups. In the field of cultural relations the Department of State has already enlisted the services of a number of distinguished leaders to form a permanent advisory committee for consultation on questions covering such matters, Mr. Welles said. The Division, he added, would act essentially as a clearinghouse, a coordinating agency, whose purpose is to collaborate in every appropriate way without supplanting or trespassing upon the activities of private groups or individuals.

Dr. Herbert E. Bolton, head of the Department of History of the University of California, outlined the historical basis of inter-American cultural relations. Culture, Dr. Bolton said, is the epitome of history. The antiquities of the Western Hemisphere are comparable to the ancient fountainheads of culture. The literature, poetry, music, painting, and contributions of medical and mechanical science of the Americas take their place with the finest produced in the world. The problem of this Conference, Dr. Bolton added, is how the fabulous resources of this hemisphere may be shared. His answer to that question was "get acquainted."

Dr. James T. Shotwell, Chairman of the National Committee of the United States of

America on International Intellectual Cooperation, explained the work of his Committee, established by the League of Nations. He described the Committee as a unit to answer inquiries from abroad concerning the cultural activities of the United States, its chief function to act as a liaison unit with European, Asiatic, and Latin-American cultural interests. Dr. Shotwell cautioned the Conference by saying that both now and throughout the future it must be kept clearly in mind that both North and South America have other cultural contacts. "Because there is thunder on our left this morning," he said, "we must maintain our poise by keeping in proper perspective the general catholicity of culture."

Dr. Harold Benjamin, head of the Department of Education of the University of Maryland, reported on the present contribution of educational agencies in the United States to inter-American cultural relations. He called the attention of the Conference to the wealth of activities brought out by the preliminary survey of inter-American cultural activities in the United States, which survey was made possible by Dr. Shotwell's Committee.

Brief reports were made by the Honorable Leo S. Rowe, Director General of the Pan American Union, on the fiftieth anniversary of the Union, which will be celebrated on April 14, 1940, and Dr. Warren Kelchner, Acting Chief of the Division of International Conferences of the Department of State, on the Eighth American Scientific Congress, which will take place May 10 to 18, 1940, and which will be attended by leading scientists from all of the American republics. The Honorable Robert Woods Bliss, President of the American Federation of Arts, reported on the Conference on Inter-American Relations in the Field of Art, held in Washington by the Department of State on October 11 and 12, 1939. Mr. Charles A. Thomson, Assistant Chief of the Division of Cultural Relations, spoke of the significant aspects of the Conference on Inter-American Relations in the Field of Music, also sponsored by the Department, which was held in Washington on October 18 and 19, 1939. President

James F. Zimmerman, of the University of New Mexico, spoke to the Conference on the Coronado Cuarto Centennial, which will be celebrated in New Mexico and contiguous States during the summer of 1940. Mr. Rollin S. Atwood read a report prepared by Dr. John J. Tigert, President of the University of Florida, outlining the work and future plans of the Institute of Inter-American Affairs of that University. Dr. Clarence H. Haring, Chairman of the Committee on Latin-American Studies of the American Council of Learned Societies, gave a summary of the work and projects of his Committee.

Following these reports a short discussion closed the morning session presided over by Dr. John W. Studebaker, United States Commissioner of Education, and Mr. Charles A. Thomson.

[Released to the press November 10]

The importance of exchange scholarships, fellowships, and professorships in bringing about a better understanding among the peoples of the Western Hemisphere was emphasized at the second session of the Conference on Inter-American Relations in the Field of Education held at the Mayflower Hotel under the auspices of the Division of Cultural Relations of the Department of State.

The Honorable George S. Messersmith, Assistant Secretary of State, who presided, pointed out that in the creation of a Division of Cultural Relations it was clearly not the intention of this Government to set up a Ministry of Propaganda. He stated that the Division in no sense wished to engage in a field in which other agencies of the Government are already working nor in any way to let anything interfere with the initiative and the work being done by private institutions and organizations.

Mr. Ernesto Galarza, of the Division of Intellectual Cooperation of the Pan American Union, brought to the attention of the Conference the educational conditions existing in the other American republics. Mr. Galarza stated that, if the Conference was to attain the ends

for which it had been called, an understanding of what Latin Americans are trying to do and an appreciation of what they could contribute must be acquired. Citing some of the more prominent characteristics of the Latin-American school system, Mr. Galarza gave a brief though comprehensive survey of the significant educational trends from the kindergarten to the university in the other American republics. Curriculum reconstruction is the keynote in most of the Latin-American countries, with a strong tendency to lengthen the course of study, to break from the classical curriculum tradition, and to make organized education more responsive to social changes. This, Mr. Galarza said, is being done in order to offer the student a wider and richer preparation for earning his living and playing his role as a citizen.

"Vigorous and honest thinking is the most important factor that will place the educators of the United States and Latin America on a plane of mutual help and understanding," Mr. Galarza pointed out. "It is the only guarantee they have against the threat of being entangled in the confusion of our times, a confusion which affects both democracy and the schools which serve it. They must restate certain propositions," he added, "among them the self-evident one that the school is an agency set aside by society to induct its young into the principles, the foundations, of its civilization."

Exploring the objectives and values of scholarship, fellowship, and professorship exchanges, the Reverend John F. O'Hara, President of the University of Notre Dame, pointed out that in the evaluation of the benefits to be derived from such exchanges one must go beyond political and economic considerations. He suggested that in the development of exchange programs consideration should be given to what such opportunities would mean to the student, to his family, and to his country. "We must avoid rash experimentation which could conceivably set us back 50 years," Father O'Hara said, "in planning expanded exchange programs. There is a large influx of

students now, many who were attending school in Europe, who have come to us since September, in spite of unfavorable exchange rates, which for some countries make an education cost from two to six times what it would have cost 20 years ago."

Father O'Hara suggested that particular study be given to the orientation of the visiting student. Schools which accept visiting students must be prepared to give them more personal care than they are accustomed to giving the students of the particular country in which the institution is located, he said.

Mr. Evan E. Young, Vice President of Pan American Airways, pledged the full cooperation of American businessmen in obtaining the objectives sought by the Department of State and leaders in education generally toward the fullest stimulation of educational interchange. Mr. Young explained the policy of Pan American Airways in granting "travel fellowships" to students selected by the Institute of International Education attending institutions in the other American republics. "Travel fellows" are provided free transportation by the Pan American Airways. Mr. Young described a projected plan whereby American students may receive similar assistance in the effecting of their arrangements for the pursuit of graduate studies in Latin-American universities.

The provisions of the Convention for the Promotion of Inter-American Cultural Relations, signed in Buenos Aires in 1936 by all the American republics and ratified to date by the United States and 11 others, were explained by Dr. Richard F. Pattee, of the Division of Cultural Relations, and Dr. L. E. Blauch, of the United States Office of Education. Dr. Pattee explained that the convention provides for the annual exchange of one professor and two graduate students or teachers among each of the ratifying powers.

Congress has appropriated \$75,000 for the fulfillment of this Government's obligations under the provisions of the convention. As soon as feasible panels of five graduate students or professors will be transmitted by the United States to each of the other American repub-

lies which has ratified the instrument. Lists of available professors will also be submitted.

Dr. Blauch dealt with the cooperative relationship between the Office of Education and the Department of State in the administration of the convention. The Office of Education, he explained, will handle all preliminary work in the selection of nominees. Explanatory leaflets and application forms have been disseminated throughout the United States by the Office of Education to interested parties.

A note of sorrow entered the Conference by the announcement by Dr. Fred J. Kelly, Chief of the Division of Higher Education of the Office of Education, of the death of the late Floyd K. Richtmyer, Dean of the Graduate School of Cornell University, who was scheduled to present to the Conference a report of the Committee on Inquiry appointed by the five associations of colleges and universities concerning proposals for enlarging existing provisions for privately supported exchange scholarships, fellowships, and professorships. Dr. Stephen P. Duggan, Director of the Institute of International Education, read a tribute to Dr. Richtmyer, which was adopted by the Conference.

Dr. Kelly explained that the Committee on Inquiry appointed by the five associations of colleges and universities had been invited by the Commissioner of Education and the Chief of the Division of Cultural Relations to Washington for a brief conference. After a full day's deliberation a report was adopted stressing the importance of greatly increasing the exchange of scholars, fellows, and teachers between this country and the other American republics. A plan toward this end, the report stated, should receive the cooperation of three parties: The colleges and universities in providing tuition; other sources of funds in providing the cost of board, room, and local expenses; and transportation agencies in providing reduced fares. Contacts would be made with both educational institutions and other agencies necessary to carry the plan into effect.

Dean Everett W. Lord, of Boston University, representing the Association of Urban

Universities; Guy E. Snavely, Executive Director of the Association of American Colleges; and President Alfred Atkinson, of the University of Arizona, representing the Association of Land Grant Colleges, pledged the full support of their respective organizations to these efforts.

Dr. Stephen Duggan emphasized the fact that the American people owe a debt of gratitude to colleges and universities which have provided 52 fellowships in the Latin-American field. Their vision, he said, in providing understanding and peace through the granting of such fellowships and scholarships is highly commendable. Dr. Duggan expressed the hope that the number of fellowships very likely would be increased to 100 or more through the contributions of American businessmen who have pledged their support to the development of better understanding among the Americas.

Among the distinguished participants in the general discussion which followed were Mr. Robert H. Patchin, Vice President of W. R. Grace and Company; Dr. William M. Lewis, President of Lafayette College; and Irma La-bastille of the American Association of University Women.

[Released to the press November 10]

W. W. Waymack, editor of the Des Moines *Register* and *Tribune*, addressing the Conference on Inter-American Relations in the Field of Education at an informal dinner held at the Mayflower Hotel on November 9, said he foresaw "a magnificent development of interchanges of persons and of knowledge." He said: "I can see a United States press that rapidly grows more conscious of a rapidly growing general interest in things Latin American. I can see radio employed interestingly and effectively on a far greater scale to the same end. I can see pan-American cultural institutes both in this country and far to the south. I can see music and architecture and painting and sculpture and the whole range of science more adequately associated for our common benefit."

Preceding Mr. Waymack, Dr. Stephen Duggan, Director of the Institute of International Education and Dr. Samuel F. Bemis, Professor of History at Yale University, described to those attending the dinner the experiences of "Professors at Large in the Other Americas." In their addresses, sprinkled with amusing anecdotes, they pointed to the opportunities and pitfalls that await the North American professor in institutions of higher learning in the other American republics. Many of the barriers inhibiting the true understanding among certain elements in Latin America, they said, were founded upon misconceptions of the United States based upon gross misrepresentation. The visiting professor can and is doing yeoman work in allaying suspicion and building good will among those he contacts. Once misunderstanding has given way to confidence, the North American will find in his southern neighbor no truer or more enthusiastic friend, it was pointed out. There exists, Dr. Duggan and Dr. Bemis indicated, a common objective of ideal and aspiration between North and South America which needs only the facilitation of opportunity for better acquaintanceship to cement the solidarity of the peoples of the Western Hemisphere.

Dr. George F. Zook, President of the American Council on Education, who presided at the dinner, paraphrasing the remarks of Secretary Hull made earlier in the Conference at the luncheon on Thursday, said that in the attainment of an ordered world in which peace might prevail, it was less the official relationships of government between government, the commerce of one nation with that of another, than the essential understanding of the dependency of the people of one section of the world upon the people of another section.

"I should like to see," Dr. Zook said, "not only more professors 'at large' in the other Americas but superintendents of schools and teachers of our primary and secondary schools as well. We shall not fully know our neighbors until first-hand impressions of them are brought to the little red schoolhouse."

"It is the hope and aim of all those connected with the broad objectives of education," Dr. Zook continued, "that international wars and conflicts be eliminated. Until that high purpose is attained we cannot be satisfied merely by building up our defenses and exercising the utmost discrimination in appraising the welter of propaganda with which we are flooded. We shall be at the peace table either as one who has participated in the war which has ended, which God forbid, or as an interested neutral. Our hope is that out of conferences such as this one may somehow evolve some means of bringing peace to the world and in laying the foundations now whereby once peace has returned good will may remain among men."

[Released to the press November 11]

At its plenary session late Friday afternoon, November 10, delegates to the Conference on Inter-American Relations in the Field of Education, sponsored by the Division of Cultural Relations of the Department of State, heard reports made by spokesmen of the six parallel discussion groups which had devoted the morning sessions to specific problems involved in the development of more effective cultural and educational interchanges between the United States and the 20 other American republics.

The report of the Findings Committee which was read by the Reverend John F. O'Hara, President of the University of Notre Dame, recommended:

1. That the Conference express its gratitude to the Committee of the United States of America on International Intellectual Co-operation for the report which it has provided entitled "A Preliminary Survey of Inter-American Cultural Activities in the United States."
2. That the members of this Conference bring to the attention of their colleagues and associates the meeting of the Eighth American Scientific Conference to be held in Washington in May 1940.

3. That a Temporary Continuation Committee be chosen to prepare a digest of the record of the Conference and send a copy at an early date to each of those present at the Conference and to other interested persons; the members of this committee to be chosen by the Chairman of the Findings Committee and the Chief of the Division of Cultural Relations of the Department of State.

4. That the Temporary Continuation Committee give careful consideration to recommendations and resolutions of the six discussion groups and refer such of them as call for further action to appropriate organizations represented at this Conference.

The following two amendments to the Findings Committee report were adopted at the plenary session.

1. That the entire membership of the Conference express its feeling of appreciation and gratitude to the Department of State for calling this Conference.

2. That an expression of appreciation be extended to Archer Huntington for his generosity and vision in making possible the Hispanic Foundation in the Library of Congress.

The report was adopted unanimously by the Conference.

Royal N. Chapman, Dean of the Graduate School of the University of Minnesota, read the recommendations of Group I. This group, consisting of presidents, deans, trustees, other educational administrators, and industrial fellowship donors, recommended:

1. In order that citizens of Latin America may be adequately informed of the advantages which universities, colleges, and schools in the United States offer to Latin-American youth of both sexes, it is recommended that descriptive and fully informative literature, in the Spanish and Portuguese languages, be distributed in the Latin-American countries. This information would be made available to American embassies, legations, and consulates, to graduates of American institutions resident in Latin

America, and to others interested. The material should include essential data regarding fees and living expenses in various parts of the United States, including transportation costs and particularly such reductions in fares as American steamship companies offer to students and teachers.

2. It is recommended that a committee be appointed by the Institute of International Education to canvass possible donors with a view to increasing the number of fellowships and scholarships available for inter-American exchanges.

It is further recommended that the said committee study the problem of the cost of travel between the United States and Latin-American countries to see if the cost of travel can be reduced, especially for students and teachers.

3. It is recommended that the United States Government add educational attachés to its diplomatic staffs. Every ambassador and minister has on his staff today military, naval, and commercial attachés, whose business it is to keep in touch with the latest developments in their fields in the countries where they are located. Certainly it is equally important for each nation to keep in touch with what is going on in the development of intellectual leadership and effective citizenship elsewhere.

George L. Maxwell, Coordinating Vice President of the Department of Adult Education of the National Education Association, reporting on the discussion of Group I, stated that among the considerations given to the stimulation of greater exchange of students, teachers, and professors, the group considered first, the question of policy regarding the types of students who should be encouraged to come to the United States on scholarships and fellowships; second, the problem of support for fellowships and scholarships; third, the problem of selection, both of students and teachers in this country and the other American republics; fourth, accrediting academic credentials; and fifth, the motivation of students in the United States to study Latin-American culture.

Among those contributing support to the creation of fellowships and scholarships Dr. Maxwell cited colleges and universities which are increasing tuition scholarships; businessmen; educational organizations; and foundations. Dr. Maxwell said the general consensus of opinion was, however, that foundations could make greater contributions in the future than they are able to do at the present time.

Only graduate students and those with definite objectives in view should be selected, Dr. Maxwell said. He also pointed to the difficulty in determining effective methods of appraising the student's ability. The problem of recognition of credits between institutions of North and South America, he indicated, was a question yet to be solved. In the selection of professors, differences between colleges and universities in the United States and Latin America was of great significance. The visiting professor should, the group felt, give informal lectures on the campus and in the community in which the institution was located.

North American professors of education could make an effective contribution in South American countries. In the selection of teachers we should send our ablest scholars, Dr. Maxwell said. Any student or professor granted a fellowship should have a well-grounded knowledge of the language of the country to which he is sent. He should be afforded ample time to pursue his studies in order to become better acquainted with the cultural attainments of the country visited. In order to do this, sufficient stipends should be given. Professors of Latin-American history in institutions in the United States should be encouraged to visit Latin America, Dr. Maxwell observed.

Harold Benjamin, Chairman of the Department of Education of the University of Maryland, reported on the discussion and recommendations of Group II. This group consisted of curriculum authorities, department heads, and professors. Dr. Benjamin stated that the group had discussed and compared programs for academic and public education in inter-American affairs. These included

courses, summer schools, proposed institutes, and projects for conferences in university centers. Programs in our elementary and secondary schools, Dr. Benjamin said, should include broad studies dealing with the social, geographical, and political factors of the South American countries. The group discussion, Dr. Benjamin stated, had brought out the existing need for more history texts. Too few books and pictures on Latin-American life are available to the public in this country. The same condition exists in South America concerning material dealing with the United States. Visual aids depicting the life on both the continents of North and South America should be more extensively utilized in the schools of the United States and the other American republics. Descriptive material on the United States translated from English to Spanish and Portuguese should be widely disseminated throughout the schools of the other American republics, and similar material on Latin-American subjects should be translated into English for use in the schools of the United States. The radio and motion pictures, Dr. Benjamin indicated, could make a vital contribution to the promotion of better understanding among students in all the Americas concerning the life of their neighbors in the Western Hemisphere.

Among the recommendations made by Group II were that the study of Spanish and Portuguese be vigorously promoted in the public-school system of the United States. To this end the group called upon the Commissioner of Education to consult with public administrators in the development of an increased program of teaching these languages.

In the promotion of additional courses which would bring a better understanding of our neighbors to the south, the group found, Dr. Benjamin said, that there was a woeful lack of materials on Latin-American economics suitable for use as textbooks in the public schools of this country. To overcome this deficiency the group recommended that assistance be sought from such sources as the Pan American Union and the Hispanic Foundation of

the Library of Congress. The group further recommended that a central clearinghouse be established for use in the preparation of such material. It was pointed out that informal seminars, travel, and summer schools are instructive instruments in the attainment of personal contact among students from each of the 21 American republics.

It was recommended to colleges and universities that programs be established whereby a visiting Latin-American student could complete his undergraduate work in such institutions in the United States in 3 years. Every encouragement, however, should be given to visiting students to remain in this country for a full 4-year course. The development of conferences in university centers in Latin America, Dr. Benjamin said, were highly desirable and were recommended.

The recommendations of deans and advisers of men and women, directors of international houses and hospitality centers, comprising Group III were read by Edgar J. Fisher, Assistant Director of the Institute of International Education.

"We are in complete accord with the Department of State on the program of encouraging contacts of all useful kinds between the United States of America and the Latin-American countries," Dr. Fisher said. "But we realize," he continued, "that more harm than good may result from teachers and students exchange unless the conditions are carefully chosen and carefully received upon their arrival in the country concerned. On this account it is important that exchanges should not be increased too rapidly and that they should not be associated with the present abnormal situation created by the European war. This applies equally well to North American teachers and students going abroad."

"Turning now to the problem of students coming to the United States we all agree that more attention should be given to the student before he leaves his native land. This should include items such as introductions to United States citizens and returned students abroad

qualified to render assistance, distribution of guidebooks and academic catalogs, and the opportunity to see moving pictures descriptive of American student life.

"We further agree that it is important that provision be made to meet the students upon their arrival, both in this country and upon the college and university campus.

"Without seeming to set off the foreign students as a separate group, but with the realization that they should be integrated normally as soon as possible with the student body, we believe that the transition period to the new academic and community environment calls for special counseling, including a special adviser, with faculty and student committees.

"Experience proves the value of facilitating the attendance of foreign students upon student conferences, and all possible encouragement should be given to assist them to this end.

"It is recommended that the Division of Cultural Relations of the Department of State appoint a continuation committee in consultation with the Departments of State and Labor and the Office of Education to study the question of selecting and implementing a private agency or agencies qualified:

"1. to advise Latin-American and other foreign students before departure to the United States, upon arrival at a port of entry and upon taking up their residence and study at the educational institutions of their choice

"2. to consult with the officers of the Department of State and the Immigration and Naturalization Service regarding questions and problems pertaining to visas and their extension, adequate working knowledge of English and financial competence

"3. to act as a clearinghouse for educational and other institutions in the United States desiring to give or to receive advice and assistance concerning Latin-American and other foreign students

"4. to make a survey of the Latin-American and other foreign students in the United States

"5. to make a survey of the private agencies concerned with foreign students with a view to expansion of activities, wherever advantageous, and their adequate financing

"6. to prepare a roster of all persons responsible for the personal guidance and activities of the foreign students

"7. to consider the advisability of establishing an adequate Student Loan Fund, provision for group health and accident insurance and kindred questions

"8. to send a copy of the report and findings of the Conference on Education to all colleges and universities in this country, and

"9. to call another conference of those officially concerned with and responsible for the adjustment of the foreign student in the United States."

Samuel Guy Inman, Director of the Committee on Cooperation in Latin America, reporting on Group IV at which editors of educational journals and publications of learned societies explored the possibility of more effectively acquainting the United States with scholars and writers in the other American republics, stated that the topics of discussion at this group were three. First, what type of information is needed? Second, what are the opportunities for the increase of materials on the educational experience in Latin-American journals? And finally, what are the opportunities for the more effective interchange of publications?

The group report prepared by Isaac L. Kandel, Professor of Education, Teachers College, Columbia University, read by Dr. Inman follows:

The chairman in opening the meeting referred to his own experience during a year spent in some of the Latin-American countries about 15 years ago and a few years later in Mexico. The chief difficulties he encountered were to find the right people with whom to start his investigation and the lack of available research materials. On the side of the Latin Americans, there was the corresponding difficulty with reference to publications on North American culture. Since that time the interest in both parts of the continent in each other has been considerably increased through the exchange of students and professors. Referring to his own special field, education, he pointed out that there has been an increase in the number of publications and in research

in current problems, that on the whole the tendency to look more to the United States for guidance is marked.

Dr. Samuel Guy Inman spoke on the subject of the availability of Latin-American writers for North American publications. He mentioned as examples a number of outstanding Latin-American writers who would be available for articles in publications of the United States. There are certain classes of these writers: In the first place, those living in the United States, professors of Spanish and Portuguese, and other Latin Americans occupying various positions in this country; graduates of North American institutions now living in Latin America, prominent Latin-American authors, editors, and authorities in special fields; refugee scholars from Europe now occupying positions in Latin-American universities, who are opening up new fields of research.

Concerning the difficulty of securing right contacts, Dr. Cross of the *Yale Review* reported that he had encountered the difficulty of inviting people to write and receiving no reply.

Proposals were made to publish in Spanish, either in the United States or in Latin-American centers, reviews like the *Yale Review* and the *Reader's Digest* (although there are such digests now published in Latin America). It was reported that the *Journal of International Law* was published in Spanish for a while with unsatisfactory results.

In this connection the work of the Inter-American Bibliographical Association was announced. Names of authors can be secured from such bibliographies.

Arising out of discussion of securing writers, the question of the exchange of publications was presented. Where can good journals published in the United States be placed? Is there a list of serious publications available? The point was made that relatively unknown journals in a special field may be of great value to the research worker.

The question of whether these writers and periodicals should be evaluated was raised. It was clear that this was a question that could

not be decided or undertaken by an official organization, but it was the sense of the meeting that classified lists be prepared and made available by such organizations as may be established.

The discussion indicated that the question of exchanges is twofold: one of interest to the general reader and the other to the specialist. It was agreed that the general reader needs more guidance than the specialist.

The discussion turned to the question of the cost of exchanges. It was noted that most publications are today having budget difficulties. It is necessary, therefore, that these journals make arrangements in their budgets for exchange with Latin-American publications.

The Duke University Press announced that it is now making reductions in subscriptions for Latin-American readers in view of the difficulties of exchange.

Given the importance of securing a list of Latin-American writers, the question was raised as to whether the Division of Cultural Relations of the Department of State might undertake the job of furnishing a list of Latin-American writers with the aid of a committee of persons in the United States who are familiar with Latin America. It was suggested that aid might be secured from the diplomatic representatives of the United States in Latin-American fields.

The next question that was taken up was the problem of marketing books from North America in the Latin-American countries. The booksellers in this country have been slow to accommodate their methods to the credit systems prevailing in Latin-American countries. At the same time, a great deal of interest was shown in the exhibits of books held in Buenos Aires, Montevideo, and Rio de Janeiro last summer.

The next question discussed concerned the opportunities available for increasing in the publications of the United States materials on the culture of Latin America; to what degree would North American publications open their

pages to Latin-American writers in different fields.

In connection with publishing reviews of Latin-American publications, the difficulty of securing books from publishers and authors was mentioned by a number of speakers. Bibliographies frequently appear long after the publication of a book, and the Latin-American books are frequently published from type in small editions which are soon exhausted. Furthermore, the question was raised whether it is desirable to review books that are not easily purchasable in this country.

In connection with the discussion of the exchange of publications, it was suggested that the Congressional Library secure copies of as wide a range as possible of Latin-American books and disseminate information about them; also, that we urge more South American publishers to exhibit their books in this country. It was noted with pleasure that one such exhibit is now being displayed by the Committee on Cooperation with Latin America of the American Library Association.

An outstanding feature of the meeting was widespread expression of interest not only from the specialists in the field of Latin-American culture, but in the general fields as well. It was clear that what is needed at the present time is the capitalizing of this interest through the creation of appropriate committees and the dissemination of definite information and lists of periodical publications and writers to the various groups that have shown interest. It is encouraging to note the new interest shown by Latin Americans in the cultural life of the United States.

The following recommendations were adopted by the members of Group IV, to be submitted to the Division of Cultural Relations of the Department of State:

1. That a list of Latin-American writers classified according to their fields of interest be made generally available.
2. That it is desirable to draw up a classified list of periodicals and publishers in the Latin-American countries.
3. That the Department of State be requested to investigate the possibility of imple-

menting the second convention agreed upon at Buenos Aires in 1936 concerning the interchange of publications between national libraries which has already been ratified by the Senate but for which appropriations have not yet been made.

4. That the Department of State be requested to bring to the attention of publishers through appropriate channels the desirability of considering the whole problem of the sale of books including credit facilities.

5. That the attention of Latin-American publishers be directed to the current interest in their publications and the desirability of having book exhibits from time to time in the United States.

6. That the Division of Cultural Relations of the Department of State be requested to refer for further study to the Conference on Books, Libraries, and Publications to be held on November 29 and 30 the question of making more available in the United States, both for sale and for review, books published in Latin America.

It was the desire of the meeting that the list of members attending and the recommendations to be submitted to the Division of Cultural Relations of the Department of State be sent to the members present and others interested in this particular topic.

It was suggested that a Continuation Committee representing this Conference be appointed to cooperate in the near future with the Division of Cultural Relations in carrying out the findings of this Conference.

William D. Cutter, Secretary of the Council on Medical Education and Hospitals of the American Medical Association, read the findings of Group V. This group composed of representatives of medical and allied fields considered the cooperative projects with the other American republics in the field of medical education and research.

The findings of this group were presented under three headings: (1) Problems, (2) Opportunities, and (3) Suggestions.

I. Problems.

1. Language difficulties
2. Financial support
3. Problems of premedical education
4. Lack of facilities for disseminating scientific journals published in the United States in the other American republics.

These include medical, nursing, public health, dental, and other journals dealing with the biological sciences

5. Inadequate sources of information about prospective students from the Latin-American countries
6. Problems of medical licensure

II. Opportunities.

1. Laboratory facilities in many fields are presently available for qualified workers
2. Opportunities in medical education are principally on the graduate student level
3. Opportunities are available in the United States in the field of nursing education
4. Hospital administration
5. Dentistry
6. Ample opportunities are available for students from the other American republics for field experience in public health measures and public health administration
7. Moving-picture films for teaching purposes are available
8. A limited number of internships are available in the United States for selected graduates of schools in the other American republics
9. The field of tropical medicine offers a large opportunity for the development of desirable teaching services
10. A limited number of opportunities exist for research workers in institutions in the other American republics. Ample material is available for research

III. Suggestions.

1. Study and analysis of medical education, medical schools, and research institutes in the American republics
2. Reciprocal exchanges of biblio-film between the Army Medical Library and the other American republics
3. Reciprocal loan collections between the Army Medical Museum and the other American republics
4. Training of medical librarians and museum directors by the Army Medical Library and the Army Medical Museum.
5. Collection and reciprocal exchange of information in:
 - a. Medicine, nursing, public health, dentistry, sanitary engineering
 - b. English summary of literature of the other American republics
 - c. Summaries of our literature in the appropriate languages for the other American republics
6. Expansion of nursing education
7. Public health education of general teachers in the other American republics

8. Creation of a Continuing Committee to explore these and other recommendations, this committee to include representatives from the following fields:

Medicine
Tropical medicine
Dentistry
Nursing
Public health
Sanitary engineering
Hospital administration.

Miss Edith E. Pence, Director of Curriculum of the San Francisco Public Schools, presented the tentative report of Group VI. At this group primary and secondary school administrators and teachers discussed curriculum materials for Latin-American studies and teacher exchanges.

After thorough discussion and with due regard to differences of opinion expressed by various members of the group, the following conclusions and recommendations were presented for approval by the general assembly of the Conference:

1. The study of Latin-American history and of various phases of Latin-American civilization properly belongs in the courses of study of the elementary and secondary schools of the United States, materials and procedures to be adapted to the respective levels.

2. The teaching of United States history in the primary and secondary schools should be regarded as one phase of the broader concept of American history, in which the development of the other American nations should be given proper attention. School authorities should be encouraged to foster activities of a curricular and extracurricular nature which will aid in bringing within the experience of school children a knowledge and understanding of all the American peoples. Likewise, the study of the languages spoken in Latin America—Spanish, Portuguese, and French—should be encouraged, and in conjunction with such language study there should be the study of Latin-American civilization.

3. This group earnestly recommends that, as a part of the effort to enlist wider public

support for the introduction and expansion of Latin-American studies in the schools, the address delivered by Dr. Herbert E. Bolton be given the greatest possible circulation among school teachers, administrators, and educational authorities. Active work should be carried on through educational journals, parent-teacher's associations, administrative organizations, and state conventions of teachers to the end that Latin-American studies in the schools be actively fostered. With regard to secondary school courses of study, it is recommended that efforts be made to obtain the recognition of elective courses on Latin America by secondary and college accrediting associations.

4. Preliminary discussion has shown that a number of individuals and in some cases school systems have been experimenting with Latin-American studies in the elementary and secondary schools. With due acknowledgment of the foresight of these teachers and administrators, it is recommended that a survey be made of the courses, projects, units, assembly programs, and other activities relating to Latin America which have been carried out. This survey should aim at a critical analysis of the experience thus gained in order to place it at the disposal of teachers and administrators who may be interested in Latin-American activities. Moreover, there ought to be a continuing effort, carried on through a central agency, to coordinate all such activities anywhere in the United States. The information thus collected should be regularly disseminated or held at the disposal of teachers and should include experience in the teaching of the languages of Latin America mentioned above.

5. Group VI calls attention to the valuable services which the Pan American Union has been rendering in the past in the distribution of materials useful in the study of Latin America in the elementary and secondary schools. It also wishes to refer to the services which the Institute of Pacific Relations is ready to render in this respect. It particularly wishes to stress the importance of making as soon as possible a comprehensive study

of the classroom materials and study aids available in this field. A committee of competent persons should be appointed to carry out this study and to make recommendations for the preparation of additional materials such as maps, motion pictures, textbooks, reading lists, biographies, translations, anthologies, etc. Such a study also should aim at the coordination of the interest and efforts of private, commercial, and public agencies in the preparation of such materials.

6. On the matter of teacher exchanges between Latin America and the United States, it is recommended that such exchanges include elementary and secondary school teachers and administrators, chosen with regard to their ability both to represent their own culture and to appreciate sympathetically the culture of Latin America. This type of teacher exchange should aim especially to provide opportunities for teachers preparing to teach Spanish, Portuguese, or French and to teach courses on Latin-American civilization in the schools of the United States. Contact between organizations of teachers and administrators in the United States and Latin America are highly desirable for the purpose of establishing friendly intercourse based on common interests. It is also recommended that the diplomatic missions of the American republics include cultural attachés whose duty it would be to aid all those interested in inter-American cultural exchange in general and in education in particular.

7. Group VI calls the attention of the Conference to the fact that by unanimous action it has created a national committee which will continue the work of fostering interest in Latin-American studies.

Following the reading of reports of the various discussion groups and the unanimous adoption by the conferees of the Findings Committee report, as amended, Dr. Ben M. Cherrington, Chief of the Division of Cultural Relations, brought the Conference to a close. He expressed the appreciation of the Depart-

ment to those present for the sacrifices they had made in making the Conference possible.

"The significant results which may be expected from these meetings," Dr. Cherrington said, "is obvious. The determination on the part of so many that our neighbors and friends in the other republics that lie to the south of us may come to know us better and we to share in their cultural accomplishments may be properly termed a 'people's movement.' In the attainment of the ends sought by this movement you may be sure that the Department of State earnestly seeks to aid in every appropriate way to the best of its ability. God grant that your Government and you, the people it serves, may with your help and counsel bring about the ends for which we have been talking these past 2 days. And in seeking to bind the ties of friendship among the peoples of the Western Hemisphere that its civilization may grow in peace, let us also set our goals toward the day when this cooperative sharing of the intellectual and spiritual achievements may contribute to a world of peace."

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MEETING OF TREASURY REPRESENTATIVES OF THE AMERICAN REPUBLICS

[Released to the press November 6]

This Government has accepted the invitation of the Government of Guatemala to participate in a Meeting of Treasury Representatives of the American Republics to convene at Guatemala City on November 13, 1939, pursuant to a recommendation of the Eight International Conference of American States, and the President has approved the appointment of the following persons to represent this Government at the meeting:

Representative on the part of the United States:

Mr. Herbert E. Gaston, Assistant Secretary of the Treasury

Advisers to the Representative of the United States:

Mr. Laurence Duggan, Chief, Division of the American Republics, Department of State
 Mr. Joseph P. Cotton, Jr., Assistant to the Secretary of the Treasury
 Mr. Howard H. Tewksbury, Commercial Attaché, American Legation, Guatemala City
 Mr. Simon G. Hanson, Economic Analyst, Treasury Department
 Mr. Emilio G. Collado, Principal Divisional Assistant, Department of State

Mr. Orvis A. Schmidt, Assistant Economic Analyst, Treasury Department.

The Lima recommendation contemplated a series of periodic informal meetings of which the Guatemala Conference will be the first, affording to the treasuries of the American republics opportunities for the discussion of technical subjects of mutual interest. Special emphasis will be placed upon an examination of problems relating to monetary, foreign exchange, and banking policy.

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THE GOOD-NEIGHBOR POLICY FOR THE AMERICAS

Summary of Remarks by Assistant Secretary Grady⁵

[Released to the press November 5]

Mr. Grady said that it seemed to him particularly appropriate to discuss before the California Society the "good neighbor" policy for the Americas. The spirit upon which our West was built was the spirit of good-neighboring. Pioneer men and women, struggling against the hardships of nature and the hostility of Indians, developed a remarkable spirit of cooperation and mutual helpfulness. Although the land was only sparsely settled, the long distances between settlers did not deter them from answering the call of a neighbor in distress. They fought against nature, the Indians, and lawlessness and built a progressive society, with that blending of races which is characteristic of the Americas as a whole. There was a mingling of the Latin, the Indian, and the Anglo-Saxon. The soldier-adventurers from Spain and Mexico came into contact with the plainsmen from the eastern sections of the United States. There arose in this cosmopolitan setting an enriched and virile culture which is the heritage of California.

There is a sound and tried basis, Mr. Grady pointed out, for the existence of the good-neighbor spirit and policy in the Americas. Although the term "good neighbor" for describing international relationships is relatively new, it is a term which has long been applicable in respect of relationships between the countries in the Western Hemisphere. The extent to which this vast area of the world has been able to live in almost complete peace for generations is in striking contrast with the situation in Europe where wars seem almost to have been chronic. The lesson of the relations of the countries in the Americas is one for the world to study and to follow.

From there he went on to point out the absence of boundary defenses in the Americas. This is notably true between such great industrial countries as Canada and the United States, where the fear of invasion or armed conflict is completely nonexistent. In contrast to the present situation in Europe, as exemplified by the Siegfried and Maginot lines, Mr. Grady referred to the thousands of miles of unfortified boundaries in the Americas, which, except for the customs and immigration services, are not even patrolled.

⁵ Delivered before the California State Society, Washington Hotel, Washington, D. C., November 5, 1939.

Mr. Grady showed that armament in the Americas compared with that in Europe is strikingly less. For example, the per capita national defense expenditures in 1938 in North, South, and Central America amounted to \$4.64, while those of Europe were \$16.98. For the Americas the percentage of population accounted for in 1938 by active land forces was 0.21 as compared with Europe's 0.98, whereas the percentage of population accounted for in active and reserve land and air forces was 0.75 for the Americas and 8.76 for Europe.

He emphasized how remarkably well the machinery for the adjustment of boundary disputes which inevitably arise between countries has worked in the Americas. They have given practical proof that international questions can be settled satisfactorily by peaceful means—by direct negotiation or by submission to a third party. This is the essence of good-neighborliness; only when this policy is world-wide will lasting peace be assured.

Mr. Grady pointed out that it is as important to get trade barriers between the Americas reduced as it is to keep the territorial boundaries clear of menacing and provocative military fortifications. Excessive barriers to trade may be defensive in their inception but inevitably they tend to become provocative, as do excessive armaments. They become the instruments of commercial warfare. Hence there is not much use in *talking* about better economic, political, and cultural relations with the Latin-American countries unless we take measures to improve what is fundamental in these relations, namely, trade.

He said, "The idea persists that we can sell and not buy. We envision increased markets for *our* products in the Latin-American countries; in fact there are those who confidently expect full compensation there for our trade

losses in Europe; but when the administration seeks to increase our trade with the countries to the south of us in the only practical way that it can be done, through reciprocity, and announces that it proposes to negotiate trade agreements for this purpose, a clamor of protest arises from this special-interest lobby or that, all crying to high heaven that this or that article must not be touched by any concessions to facilitate imports, even when only remotely and indirectly competitive products are concerned and irrespective of the care with which concessions are formulated for safeguarding our own producers."

Mr. Grady stated that in seeking to develop inter-American trade this Government had, during the course of the past 5½ years made trade agreements with Cuba, Brazil, Haiti, Colombia, Honduras, Nicaragua, Guatemala, Costa Rica, El Salvador, Ecuador, and Canada. Our trade with Newfoundland and with the British colonies in North and South America is covered in our trade agreement with the United Kingdom, and likewise our trade with the Dutch and French possessions in the Western Hemisphere is covered in our trade agreements with the Netherlands and France, respectively. We expect shortly to sign an agreement with Venezuela, and we have announced intention to negotiate agreements with Argentina, Uruguay, and Chile. It is to be expected, therefore, that we shall soon have agreements for the "limitation of economic armaments" with most of the countries in the Americas. Such contracts are essential to any sound method of implementing a trade-promotion program.

In closing, Mr. Grady said: "If we do not want to get trade by trading and do not wish to lower barriers to facilitate trading, let's stop talking about the glorious possibilities of trade increases in the Western Hemisphere."

The Far East

ADDRESS BY THE AMERICAN AMBASSADOR TO JAPAN³

MR. CHAIRMAN, LADIES AND GENTLEMEN: First of all, permit me to express my great satisfaction on returning from leave of absence to learn that there has been improvement in the health of our beloved President, Prince Tokugawa. I well know that I am reflecting the hopes of all of us in most heartily wishing that he may before long find complete recovery and return to the chair which he so long has occupied with distinction and great helpfulness. I beg that our chairman today may be good enough to convey to the Prince an expression of this deep feeling.

Your welcome today is genuinely appreciated. Last spring we were going "home" to the United States, and this autumn, when we left America, we were going "home" to Japan. When one has remained for 7 years at a post, one can hardly regard it as other than "home." At any rate, that is the way my wife and I feel about Japan and especially about Tokyo, and that same feeling extends to our friends here, both Japanese and American. To come once again to a gathering of this society is to come into a homelike atmosphere, and that in itself gives us a very warm feeling. We thank you for your welcome.

I have been told of rumors that have been flitting about here and there to the effect that we were not returning to Japan. If there have been such rumors, they just have been based on speculation pure and simple, for at no moment has there been the slightest doubt about our returning. Having been on the job here for approximately 3 years without a day of furlough, I was very considerably given an extra month of leave, over and above the usual

60 days in the United States. Some of you with whom I talked before our departure may remember that I said at that time that I expected to be back in September or October, and here we are, right on schedule. Our plans have undergone no change and no thought of change.

We have had a pleasant and interesting time. Much of our furlough was spent at our place at Hancock in the refreshing hills and woods of New Hampshire, where we were surrounded by our three daughters, occasionally some sons-in-law, and six grandchildren, which inevitably made me feel something like an old patriarch, but we had time for visits also and we saw both the New York and the Golden Gate world's fairs which, of course, were thrilling. I visited Washington on three occasions.

With regard to the world's fairs in New York and in San Francisco I think that Japan has every reason to be proud of her pavilions and exhibits. I spent much time studying them in both places. The Japanese pavilion in the New York Fair is of great beauty. The Japanese exhibit in the Division of Pacific Cultures at the Golden Gate International Exposition and the effective way in which it is presented is past all praise. These objects, portraying the historical sequence of Japanese art and culture, have most courteously been lent not only by many of the foremost Japanese collectors, many of them personal friends of mine, but also by the Imperial Household Museum. As Mr. K. Sato wrote in the *Official Catalogue* of the department of fine arts of the expositions:

"It will be a surprise to us if you do not read from these material objects the spirit of

³ Delivered by Mr. Grew before the American-Japan Society, Tokyo, Japan, October 19, 1939.

the race that made them, so like and so different from your own.

"Surely America, newly come to join us on the rim of the Pacific Ocean, will feel the splendid lift of the same tides that wash our beaches."

Yes, we in America do feel the lift of the same tides that wash the beaches of Japan. I hope that both our Nations will always and progressively feel the lift of those tides of friendship. I have returned to Japan to devote all that I have to give, now and in future, to try to inspire new life in those tides.

As for the future, Mrs. Grew and I are going to try to return to the United States as often as possible—every year or two if it is feasible, although such a plan must necessarily depend upon many unpredictable factors and is perhaps just a bit optimistic. But there is no doubt in my mind that an ambassador can do more helpful work and can more intelligently and effectively represent his Government and can better contribute to clear international understanding upon which good international relations are built when given frequent opportunity for personal contact with his Government and the people of his own country. As I have often said, indeed as I said not long ago before this distinguished society, an ambassador is essentially an interpreter, an interpreter of official and public opinion as they exist in his own country and in the country of his residence. By going home this year I was able to do a great deal of interpreting of Japan and of Japanese opinion both to my Government and to the American people. A number of addresses were made to important groups, and I talked with a large number of people. I hope and believe that my interpretations were fair and accurate. It was made very clear that the Japanese picture has many sides and many angles and that without a comprehension of these many sides and angles it is difficult, if not impossible, for another people far away to arrive at a clear and accurate conception of the basic causes and incentives that lead to Japanese thought and

policy and action. Those talks aroused much interest.

I enjoyed several constructive talks with my good friend Ambassador Horinouchi, who is ably representing Japan in our country, and with other Japanese visiting or residing in the United States.

In the same way, there can be no doubt that as a result of my stay in the United States and my personal contacts with a large number of Americans, both official and unofficial, my interpretations here of American thought and policy and action are going to be much more complete and accurate than they could have been had this summer's furlough not taken place. We have a phrase in English "straight from the horse's mouth." I never knew why the particular animal chosen was a horse, especially as most horses are generally not very communicative. But the meaning is clear enough. What I shall say in Japan in the ensuing months comes "straight from the horse's mouth" in that it will accurately represent and interpret some of the current thoughts of the American Government and people with regard to Japan and the Far East. I had the privilege of also conferring repeatedly with the President and with the Secretary of State during my stay at home.

But here I am constrained to pause before passing on, to pause in sadness, in deepest sorrow, yes and in impotent bitterness, at the dreadful holocaust that has broken loose in Europe, a holocaust not of God's doing but of man's. That we, in our lifetime, should have to pass through another such frightful disaster seems an intolerable burden for one generation of humanity. I shall not try to deal with that subject today; indeed, what could possibly be said to alter in any infinitesimal degree the blackness of the cloud that has descended upon us. I say "us" advisedly. I pray with all my heart and mind that we in America may be spared from participation again in armed conflict, but in this modern world of ours no nation and no people can emerge unscathed from the effects, direct or indirect, of warfare anywhere. When the structure of international

good faith, when the reliance of mankind and government upon the inviolability of the pledged word becomes undermined and collapses, when might makes right and force becomes an instrument of national policy rather than discussion and settlement of disputes by peaceful means, then civilization crumbles also and chaos intervenes.

I turn now to some of the thoughts of the American Government and of the American people with regard to the situation in East Asia in general and to our relations with Japan in particular. It is trite to say—but all too often the fact is overlooked—that in our democratic system the policies and measures of our Government reflect, and inevitably must reflect, public opinion. If therefore in any given case or situation we search for the underlying causation of American policy, or of any specific measure or series of measures taken by our Government, we must first try to analyze the state of public opinion in the United States and the developments which have induced that state of public opinion, factors which in turn have given rise to some specific policy or some specific measure or measures of our Government. In this connection I have not for a moment lost sight of the force of public opinion in Japan.

Obviously American public opinion is frequently divided; seldom is it unanimous. In the face of a divided public opinion, the Government must choose between acting according to its judgment as to what will best serve the interests of the country and withholding action altogether. But when public opinion is unanimous, or nearly unanimous, then governmental policy and action must and will reflect the opinion and wishes of the people as a whole. For the American Government is the servant of the American people. American public opinion with regard to recent and current developments in the Far East is today very nearly unanimous, and that opinion is based not on mere hearsay or on propaganda but on facts.

Among the conditions existing in the United States which impress me more and more vividly each time I return to my country are:

First, the freedom which prevails in public discussion; and second, the demand for knowledge of facts and the intelligent appraisal of those facts by men and women in every walk of life. Especially is this true today in regard to foreign affairs. It is not alone the Government official or the student or the businessman or the manufacturer or the financier who keeps his finger on the pulse of our foreign relations. This interest—and it is a keen, living interest—extends to the masses—the factory hand, the servant in the house, the taxi driver in the street. In the past few months at home I have been immensely impressed by the intelligent grasp by people in every quarter of what is going on in every corner of the world. I have been drawn into discussion of foreign affairs not only by men and women in important and influential positions but by travelers in the smoking compartment of railroad trains, by the stewards in airplanes, by the men and women behind the counters in the stores and shops, by the attendants at gasoline stations, by the drivers of taxis who were taking me to some destination. And what impressed me most was that these people not only knew what was going on abroad but had formed their own individual opinions of those events and of what the United States should or should not do about it. Those people, mostly, are widely read. My chiropodist, when I entered his room, was reading an important book on Japan, and we discussed that book throughout the session. A farmer in the small New England village where we live lent me another recent book on Japan. In the many talks which I had with many, many people, I received the distinct impression that those people are sufficiently well-informed and sufficiently wide awake to distinguish between fact and propaganda. I do not suppose that any country in the world is better served today, by press and radio, with accurate foreign information than is the United States. In every country there are of course certain elements of the press inclined toward sensationalism, but the vast majority of the American people today read and demand the despatches

and comments of correspondents and commentators of proved reliability for accurate reporting. Propaganda not based on fact, or distorting fact, is anathema to the average American. And the senseless propaganda with which foreign countries sometimes try to influence public opinion in our country does the countries of its origin and the interests of those countries far more harm than good. The average American, knowing the facts, sees through it and will have none of it.

Here, then, is the stuff of which public opinion in the United States is built. It is only through such individual contacts as I enjoyed this summer that one comes to appreciate the tremendous force of public opinion in our country and to realize its fabric and its power. When such opinion tends toward unanimity in any given issue, it is a force to be reckoned with, a force which the Government cannot possibly overlook and will not fail to reflect in its policies and actions.

What am I to say to you today? Would it be the act of a friend of Japan, a friend of the members of this society, would it be in the interests of Japanese-American relations which this society steadily labors to build up and improve, if I were to misstate the truth or try to obscure it by painting an inaccurate picture of my observations at home? If an ambassador is in effect an interpreter, mustn't he interpret correctly on the basis of facts known to him? And on returning from a long stay in America, would it not insult your intelligence if I were to talk of trivialities? I suppose that there is not a person here who does not know that American public opinion strongly resents some of the things that Japan's armed forces are doing in China today, including actions against American rights and legitimate interests in China. On that subject public opinion in the United States is unanimous. And, mind you, I know whereof I speak, from personal talks with a very large number of people in diverse walks of life throughout our country, constituting a reliable cross-section of the American public.

If we then accept as a regrettable fact this state of American public opinion, and we must accept it as a fact, then isn't it from every point of view, especially from the point of view of statesmanship, reasonable and logical that we should in all frankness examine the basic causes of that state of public opinion? I know those causes in general and in detail. It would be harmful to overlook them. I earnestly believe that those causes must be removed and that by their removal only constructive good can come to both our Nations. The attainment of such mutually constructive good, needless to say, is and has been and always will be the fundamental purpose of my ambassadorship to Japan.

Before I left for America last May a Japanese friend of mine begged me to tell my friends in America the situation in Japanese-American relations as he conceived it. It ran somewhat as follows:

American rights and interests in China are suffering some minor and unimportant inconveniences in China as a result of Japanese military operations; the Japanese military take every possible precaution to avoid inconvenience to American interests; reports published in the United States in regard to damage to American interests by the Japanese in China are intentionally exaggerated in order to inflame the American people against Japan; in large measure those activities of the Japanese to which Americans object are the result of differences in customs, differences in language, and a legalistic attitude which has been adopted by the United States; the attitude of the Government of the United States in regard to impairment of American rights and interests in the Japanese-occupied areas of China is in large part due to internal political conditions in the United States; in the near future the situation in the occupied areas of China will be so improved that the United States will no longer have any cause for complaint. That was the point of view of my Japanese friend.

Alas, the truth is far otherwise. The facts, as they exist, are accurately known by the

American Government. They are likewise known by the American people, and in the interests of the future relations between Japan and the United States those facts must be faced. Only through consideration of those facts can the present attitude of the American Government and people toward Japan be understood; only through consideration of those facts, and through constructive steps to alter those facts, can Japanese-American relations be improved. Those relations *must* be improved.

Having said all this I do not propose today to deal in detail with the causations which have brought about that feeling in my country. This is not the occasion to enter any "bill of particulars." Those facts, those difficulties between our Nations, are matters for consideration by the two Governments; indeed, some of them are matters which I have been discussing with the Japanese Government during the past 2 years, and I shall continue to approach these matters. But I believe that the broad outline of those facts and difficulties are known to you. Some of those difficulties are serious.

Now many of you who are listening to me may well be thinking: "There are two sides to every picture; we in Japan also have our public opinion to consider." Granted. In America, as I have already said, I did my best to show various angles of the Japanese point of view. But here in Japan I shall try to show the American point of view. Without careful consideration of both points of view we can get nowhere in building up good relations. I wish you could realize how intensely I wish for that most desirable end and how deeply I desire, by pure objectivity, to contribute to a successful outcome. Let me therefore try to remove a few utterly fallacious conceptions of the American attitude as I think they exist in Japan today.

One of these fallacies is that the American approach to affairs in East Asia is bound by a purely "legalistic" attitude, a conception which widely prevails in this country today. What is meant by a "legalistic" attitude? If

we mean respect for treaties, official commitments, international law, yes; that respect is and always will be one of the cardinal principles of American policy. But the very term "a legalistic attitude," as it has often been used in my hearing in Japan, seems to imply a position where one cannot see the woods for the trees, where one's vision of higher and broader concepts is stultified. Let me therefore touch briefly on a few of the cardinal principles of American policy and objectives, moulded to meet the requirements of modern life, which, it is true, are fundamentally based upon but which seem to me far to transcend any purely "legalistic" approach to world affairs.

The American people aspire to relations of peace with every country and between all countries. We have no monopoly on this desire for peace, but we have a very definite conviction that the sort of peace which, throughout history, has been merely an interlude between wars is not an environment in which world civilization can be stably developed or, perhaps, can even be preserved. We believe that international peace is dependent on what our Secretary of State has characterized as "orderly processes" in international dealing.

The American people desire to respect the sovereign rights of other people and to have their own sovereign rights equally respected. We have found by experience that the successful approach to the resolving of international disputes lies not so much in merely abstaining from the use of force as in abstaining from any thought of the use, immediately or eventually, of the methods of force. Let cynics look about them and contemplate the consequences of resort to menacing demands as a process in the conduct of international relations. Is it being purely "legalistic" to put to wise and practical use the finer instincts common to all mankind?

The American people believe that the day is past when wars can be confined in their effects to the combatant nations. When national economies were based upon agriculture and handicraft, nations were to a large extent self-

sufficient; they lived primarily on the things which they themselves grew or produced. That is not the case today. Nations are now increasingly dependent on others both for commodities which they do not produce themselves and for the disposal of the things which they produce in excess. The highly complex system of exchange of goods has been evolved by reason of each nation's being able to extract from the ground or to manufacture certain commodities more efficiently or economically than others. Each contributes to the common good the fruits of its handiwork and the bounties of nature. It is this system of exchange which has not only raised the standard of living everywhere but has made it possible for two or even three persons to live in comfort where but one had lived in discomfort under a simple self-contained economy. Not only the benefits of our advanced civilization but the very existence of most of us depends on maintaining in equilibrium a delicately balanced and complex world economy. Wars are not only destructive of the wealth, both human and material, of combatants, but they disturb the fine adjustments of world economy. Conflict between nations is therefore a matter of concern to all the other nations. Is there then any stultification through "legalistic" concepts when we practice ourselves and urge upon others the resolving of international disputes by orderly processes, even if it were only in the interests of world economy? How, except on the basis of law and order, can these various concepts in international dealing be secured?

The American people believe in equality of commercial opportunity. There is probably no nation which has not at one time or other invoked it. Even Japan, where American insistence on the "open door" is cited as the supreme manifestation of what is characterized as a "legalistic" American attitude—even Japan, I say—has insisted upon and has received the benefits of the "open door" in areas other than China, where, we are told, the principle is inapplicable except in a truncated and emasculated form. That highly complicated sys-

tem of world economy of which I have just spoken is postulated upon the ability of nations to buy and sell where they please under conditions of free competition—conditions which cannot exist in areas where preemptive rights are claimed and asserted on behalf of nationals of one particular country.

I need hardly say that the thoughts which I have just expressed are of universal applicability.

Another common fallacy which I am constrained to mention is the charge that the American Government and people do not understand "the new order in East Asia." Forgive me if I very respectfully take issue with that conception. The American Government and people understand what is meant by the "new order in East Asia" precisely as clearly as it is understood in Japan. The "new order in East Asia" has been officially defined in Japan as an order of security, stability, and progress. The American Government and people earnestly desire security, stability, and progress not only for themselves but for all other nations in every quarter of the world. But the new order in East Asia has appeared to include, among other things, depriving Americans of their long-established rights in China, and to this the American people are opposed.

There's the story. It is probable that many of you are not aware of the increasing extent to which the people of the United States resent the methods which the Japanese armed forces are employing in China today and what appear to be their objectives. In saying this, I do not wish for one moment to imply that the American people have forgotten the long-time friendship which has existed between the people of my country and the people of Japan. But the American people have been profoundly shocked over the widespread use of bombing in China, not only on grounds of humanity but also on grounds of the direct menace to American lives and property accompanied by the loss of American life and the crippling of American citizens; they regard

with growing seriousness the violation of and interference with American rights by the Japanese armed forces in China in disregard of treaties and agreements entered into by the United States and Japan and treaties and agreements entered into by several nations, including Japan. The American people know that those treaties and agreements were entered into voluntarily by Japan and that the provisions of those treaties and agreements constituted a practical arrangement for safeguarding—for the benefit of all—the correlated principles of national sovereignty and of equality of economic opportunity. The principle of equality of economic opportunity is one to which over a long period and on many occasions Japan has given definite approval and upon which Japan has frequently insisted. Not only are the American people perturbed over their being arbitrarily deprived of long-established rights, including those of equal opportunity and fair treatment, but they feel that the present trend in the Far East if continued will be destructive of the hopes which they sincerely cherish of the development of an orderly world. American rights and interests in China are being impaired or destroyed by the policies and actions of the Japanese authorities in China. American property is being damaged or destroyed; American nationals are being endangered and subjected to indignities. If I felt in a position to set forth all the facts in detail today, you would, without any question, appreciate the soundness and full justification of the American attitude. Perhaps you will also understand why I wish today to exercise restraint.

In short, the American people, from all the thoroughly reliable evidence that comes to them, have good reason to believe that an effort is being made to establish control, in Japan's own interest, of large areas on the continent of Asia and to impose upon those areas a system of closed economy. It is this thought, added to the effect of the bombings, the indignities, the manifold interference

with American rights, that accounts for the attitude of the American people toward Japan today. For my part I will say this. It is my belief, and the belief of the American Government and people, that the many things injurious to the United States which have been done and are being done by Japanese agencies are wholly needless. We believe that real security and stability in the Far East could be attained without running counter to any American rights whatsoever.

Mr. Chairman, Ladies and Gentlemen: I have tried to give an accurate interpretation of American public opinion, most carefully studied and analyzed by me while at home. The traditional friendship between our two Nations is far too precious a thing to be either inadvertently or deliberately impaired. It seems to me logical that from every point of view—economic, financial, commercial, in the interests of business, travel, science, culture, and sentiment—Japan and the United States forever should be mutually considerate friends. In the family of nations, as between and among brothers, there arise inevitable controversies, but again and again the United States has demonstrated its practical sympathy and desire to be helpful toward Japan in difficult times and moments, its admiration of Japan's achievements, its earnest desire for mutually helpful relations.

Please do not misconstrue or misinterpret the attitude which has prompted me to speak in the utmost frankness today. I am moved first of all by love of my own country and my devotion to its interest; but I am also moved by very deep affection for Japan and by sincere conviction that the real interests, the fundamental and abiding interests of both countries, call for harmony of thought and action in our relationships. Those who know my sentiments for Japan, developed in happy contacts during the 7 years in which I have lived here among you, will realize, I am sure, that my words and my actions are those of a true friend.

One Japanese newspaper queried, on my return from America, whether I had concealed in my bosom a dagger or a dove. Let me answer that query. I have nothing concealed in my bosom except the desire to work with all my mind, with all my heart, and with all my strength for Japanese-American friendship.

Today I have stated certain facts, straightforwardly and objectively. But I am also making a plea for sympathetic understanding in the interests of the old, enduring friendship between our two great Nations. In a world of chaos I plead for stability, now and in the long future, in a relationship which, *if it can be preserved*, can bring only good to Japan and to the United States of America.

Commercial Policy

LETTER FROM THE SECRETARY OF STATE TO SENATOR CAPPER

[Released to the press November 8]

Following is the text of a letter from the Secretary of State to the Honorable Arthur Capper, United States Senate:

"NOVEMBER 7, 1939.

"MY DEAR SENATOR CAPPER:

"I have received your letter of October 17, 1939,⁴ in which you comment further upon the proposed trade agreement with Argentina. Elaborating the expressions of apprehension concerning the possible effects of this agreement upon agriculture which were contained in your previous letter, you discuss at some length certain of the agricultural items which were listed in our public announcement as being open to consideration for the granting of possible concessions to Argentina.

"It would manifestly be improper for me, while the negotiations are in progress and before any decisions have been reached concerning these and other pending items, to attempt to anticipate the results of the very careful study which will be given to all such items by the best practical experts from the various

Departments of the Government which are collaborating in this work, including, of course, the Department of Agriculture. I note that you have sent a copy of your letter to the Committee for Reciprocity Information with a request that it be made a part of the statement which you submitted to the Committee at the hearings on October 16. You may be assured that this additional expression of your views will be carefully considered by the interdepartmental trade-agreements organization.

"Your views appear to be broadly similar to those expressed before the Committee for Reciprocity Information, at the recent hearings on the Argentine agreement, by various other members of Congress, and also by representatives of certain organizations speaking, or purporting to speak, for the farmer. Hence I should like—speaking also for the farmer as well as for the rest of the country—to take this opportunity to point out some of the salient facts which should be borne in mind in connection with this whole matter.

⁴ Not printed.

"First of all, I want to emphasize that attempts to prejudge the case by forecasting all sorts of dire happenings to agriculture in consequence of an agreement with Argentina which has not yet been negotiated, are wholly premature and are in no sense justified by the experience in connection with earlier agreements. Expressions of fear and sweeping assertions of this type have been heard every time trade-agreement negotiations have been undertaken with another country. Invariably, this occurred *before* the negotiation of the particular trade agreement had been completed. Invariably, the clamor subsided as soon as the actual terms of the agreement were made public, and the moderate and careful nature of the tariff adjustments made by us was revealed.

"Second, I want to emphasize that neither you yourself nor any of the others who have expressed opposition to the negotiation of a trade agreement with Argentina, on the ground of alleged injury to agriculture, can possibly have more at heart than I do the interests of the farmers of this country. There cannot be any question of that. The point at issue is wholly different. I am convinced that the trade-agreements program has been highly beneficial to our farmers and to the nation as a whole. You, apparently, are not. I am confident that the proposed trade agreement with Argentina, which is a part of the program, will not be injurious to our farmers, but, on the contrary, will be helpful both to our agriculture and to the economic well-being of the nation as a whole. You, apparently, are not. Let us look at the facts.

"In most of the recent discussions of the proposed agreement with Argentina, including your own observations, I note a decided tendency not only to prejudge this prospective agreement in the absence of any knowledge of what its actual terms will be, but also to weigh it solely by itself, entirely separate and apart from the remainder of the trade-agreements program. That, I submit, is wholly untenable

and unfair. I recognize, of course, that each agreement must be appraised, in the first instance, on its own merits; but I cannot, in fairness to the interests of the farmers themselves or the nation as a whole, agree that responsible consideration of the matter can stop at that point.

"As regards the prospective agreement with Argentina, obviously it cannot be appraised on its own merits until its actual terms are determined. At the present stage of the negotiations, neither I nor any one else concerned with the negotiations can possibly know precisely what commodities will be affected and in what measure—except that, as was invariably the case in all previous negotiations, the well-being of our farmers, as well as of all other groups of the population, will be fully and carefully taken into account.

"As to the wisdom of negotiating an agreement with a country like Argentina, it should be noted, first of all, that during the past 15 years our sales to Argentina amounted to \$1,543,000,000, which was \$487,000,000 in excess of our purchases from Argentina. The agreement now under negotiation is necessary in order to safeguard and expand this important foreign market for American products as a necessary means of expanding our domestic market as well. Shall we throw away this mutually beneficial trade relationship and the increased purchasing power for both agriculture and industry resulting from it, simply because of exaggerated fears—entirely unwarranted and, in too many instances, unfairly fostered—that American farmers might be injured by an agreement containing, among its other features, limited adjustments of tariffs on a few agricultural products, some of them largely or wholly non-competitive and all of them supplementary to our own production?

"The whole question of negotiating a trade agreement with Argentina or any other country is one which can be fully and properly evaluated only in conjunction with the entire program. In the conduct of trade negotiations

there is neither justification in principle nor authority in law for deliberately discriminating between agricultural and non-agricultural countries in choosing the field for negotiation. If we are to proceed seriously with this broad program for the reopening of the channels of trade, we must be prepared to negotiate either limited or comprehensive agreements—as circumstances warrant—with all countries whose trade policies are such as to afford a basis for negotiation under principles laid down in the Trade Agreements Act.

"Almost without exception, opponents of this agreement—even those who, in all sincerity, have been making public statements in opposition to it—have failed to grasp the fundamentals of the issue. The problem is one of promoting the economic welfare of the entire nation through increase of purchasing power and expansion of markets, at home and abroad, to the benefit of our agriculture, industry and labor. To do this requires that we exert every effort—without materially impairing, even temporarily, the interests of any established and reasonably efficient domestic industry—to lower or remove excessive barriers to international trade. Agriculture, dependent as it is not only upon foreign markets but also upon the general prosperity of the nation, has probably more to gain from such a program of trade liberalization than any other major branch of the nation's economic life.

"This is the central problem which we have been seeking to solve through trade agreements. It is because of the vital bearing of a constructive foreign trade policy on our national prosperity that the President and his entire Administration have made the trade-agreements program an essential part of their unceasing effort to rehabilitate our agriculture and our whole economic life.

"The trade-agreements program has had, and now has, no purpose more essential than that of benefiting our agriculture. Notwithstanding reckless and grossly unfair assertions

to the contrary, we have made great headway in the face of difficulties of the most serious character. Now, however, as we enter upon negotiations with Argentina, it is violently asserted in certain quarters that we should forego the unquestionable advantages of a trade agreement with Argentina on the spurious and unsupported plea that certain branches of American agriculture would be injured in the process. It is even sweepingly alleged, without one scintilla of supporting evidence, that agriculture as a whole will suffer from this agreement.

"However sincerely such feelings may be held, they are not, I repeat, founded upon a full understanding of the facts. They rest upon premises which are so erroneous or so narrow that the entire picture is distorted. The allegation that the Argentine agreement will be injurious to certain branches of American agriculture is based upon two false assumptions: (1) that whatever tariff adjustments are made will not be as carefully considered and as adequately safeguarded as those made in agreements already negotiated; and (2) that every additional pound or bushel or other unit that is imported deprives the domestic producers of that much business. This second assumption entirely overlooks the fact that the domestic market is not a fixed or a static market but, on the contrary, expands or contracts under the influence, among other factors, of a prosperous or a depressed foreign trade.

"The inherent fallacy involved in the assumption that the domestic market is a static one is nowhere better demonstrated than by our own experience under embargo tariffs. I have discussed that experience so often and so fully in the past that it is surely unnecessary to repeat it here. The essential facts are, as our Hawley-Smoot experience painfully demonstrated: first, that it is impossible to grant embargo tariffs to some groups and withhold them from others, and that, once political trading of this sort gets under way,

there is no stopping short of prohibitive tariffs all along the line; and second, that the net result of such an embargo tariff policy is a disastrous decline in our foreign trade which leaves in its wake a prostrate agriculture and a prostrate nation.

"Far from being preserved, the farmer's home market—as well as his foreign—is drastically reduced as a result of embargo tariffs. We have learned from experience that to embark upon such a policy is ruinous folly. For well-meaning persons assuming to speak for agriculture still to cling, despite all that happened after 1930, to the delusion that the farmer has something to gain from embargo tariffs—or from resisting a program for adjusting such tariffs below the embargo level while still providing thoroughly adequate safeguards—is folly compounded. Most of those who are today attempting to destroy our trade program by making insupportable charges that it is injuring agriculture are the same false prophets who solemnly assured the farmers that the Hawley-Smoot embargoes would guarantee to them full and permanent prosperity; whereas, in actual fact, within two years from the enactment of the 1930 tariff, millions of farmers found themselves in, or on the verge of, bankruptcy.

"The plain truth is that farmers in this country have everything to gain and nothing to lose from a carefully administered program for the reestablishment of our foreign trade, to the fullest extent that international conditions will permit. It is either such a course of moderation, with expanding markets for American products at home and abroad, or else it is embargo tariffs all around, with consequences that we have already seen.

"Moreover, there is no basis in fact for truly astounding statements that the program, in actual operation, has injured American farmers. The very reverse is the case.

"The facts are that we have secured extremely valuable benefits for agriculture through the safeguarding and expanding of

foreign markets for our farm surpluses. The improved facilities for the marketing abroad of the products of our farms were one of the major factors responsible for the rise in our agricultural exports from \$662,000,000 in 1932 and \$694,000,000 in 1933 to \$828,000,000 in 1938, as contrasted with their drastic decline from a level of \$1,693,000,000 in 1929. In addition, of course, the farmer's home market has expanded in consequence of increased domestic employment and purchasing power for farm products, partly brought about by trade-agreement concessions obtained for American exports of both agricultural and non-agricultural commodities.

"The trade agreements thus far concluded are with countries which take about 60 percent of our total exports. In these agreements we have obtained valuable concessions, including binding of duty-free entry, for 47 percent of our exports of farm products to all countries. These concessions cover about three-fourths of our exports of farm products to the trade-agreement countries themselves. Old markets have been safeguarded and new markets have been opened up for all surplus-producing branches of our agriculture. A few illustrations will suffice.

"After a prolonged period of domestic shortage, the corn-hog industry is again becoming heavily dependent upon export outlets. Reduction of barriers against our exports of pork, ham or bacon has been obtained in ten countries. On lard, nine countries have reduced barriers, while 3 others have agreed not to impose new restrictions. Of special significance is the removal in the agreement with Great Britain of a burdensome preferential duty on lard, originally imposed in retaliation for some of the super-protectionist provisions of the Smoot-Hawley tariff.

"On grains and grain products, foreign trade barriers have been lowered in all but five of the agreements now in effect, and in three of the remaining five agreements the foreign countries concerned have bound existing favor-

able duties against increase. Great Britain has removed its duty on wheat, also originally imposed in retaliation for our action under the Smoot-Hawley tariff, and has bound corn and cotton on the free list.

"Fruits, vegetables and a long list of other farm products have benefited from the concessions obtained in the trade agreements.

"Analysis of the results obtained under the trade-agreements program reveals that between 1935 and 1938 our exports of farm products to trade-agreement countries increased by nearly 50 percent, whereas to other countries they actually declined slightly. It is a stupendous fact that this progress in re-opening market outlets was attained in the face of such formidable obstacles as the continuation in many countries of exorbitantly high trade barriers, the existence abroad of an extraordinarily low level of purchasing power, the increasing diversion of purchasing power to the procurement of commodities needed for the construction of armaments, and the disastrous effects of unprecedented droughts upon our own exporting capacity.

"One would look in vain, in the mass of statements and appeals with which those who seek to destroy the trade-agreements program have flooded the farmers, for any reference to these undisputed and important benefits secured, through trade agreements, for the farmers themselves and for the nation as a whole. In their unholy zeal, they deliberately suppress and withhold all material facts favorable to the trade-agreements program. It is high time for the farmers of our corn-hog belt, our wheat belt, our cotton belt to ask why such opponents of the trade-agreements program—professing, as they do, to have the interests of the farmers at heart—do not give them all of the facts essential for informed judgment on this issue, which is so crucial to their welfare.

"The agreements we have concluded are with countries which account for a little over 60 percent of our total imports. Among these are such important agricultural producers as

Canada and some of the Latin American Republics. To these countries we have granted carefully considered and carefully safeguarded tariff adjustments on some of their characteristic products, designed to permit a moderate increase of their sales to us in exchange for increased outlets for our products.

"Much has been said in recent years about imports of agricultural products, by persons who have sought to persuade farmers that such imports are highly detrimental; and efforts have been unceasing to make it appear that trade-agreement concessions have been seriously harmful in this connection. It has even been falsely asserted that the bulk of the concessions granted by us in trade agreements have been on farm products. Repeated exposure of the utter hollowness of such unfounded assertions has not prevented their endless repetition.

"The facts with regard to concessions on farm products are that, while duties have been adjusted on more than a fifth of our *non-agricultural* imports, in the case of *agricultural* imports the tariff adjustments now in effect apply to only about 8 percent of the total. It is clear that these adjustments in duties on farm products could not possibly have been a factor of any considerable importance in the recent situation as regards imports of agricultural products.

"It needs to be understood just what these agricultural imports are and what is the true explanation of the changes in their volume in recent years. In all of the vast array of misleading literature put out on this subject, there is not the slightest suggestion as to the true character or the true significance of these imports.

"For example, if we examine the figures for 1938—the last full year available, and a year in which most of the abnormality in the import figures arising from the cumulative effects of the droughts of 1934 and 1936 had disappeared—what do we find? We find that, of the total imports of agricultural, or so-called

agricultural products, amounting to \$956,000,000, more than half consisted of things like rubber, coffee, silk, etc., which are not even produced in the United States. Among these items were \$138,000,000 worth of coffee; \$130,000,000 of crude rubber; \$89,000,000 of raw silk; \$29,000,000 of bananas; \$20,000,000 of cocoa beans; \$18,000,000 of tea; \$13,000,000 of carpet wool; and \$10,000,000 of sisal and henequen (mostly for the farmer's binder twine). This was the situation notwithstanding that the relatively low business and industrial activity in the United States in 1938 resulted in much smaller importation of industrial raw materials than takes place in more prosperous years. For example, in 1937 our imports of products of this type, not produced in the United States, amounted to \$711,000,000.

"With respect to the remainder of our 1938 imports of agricultural products (amounting to slightly less than half of the total), we find that sugar alone accounted for \$130,000,000, or well over a fourth; and sugar imports have been regulated by quota restriction until quite recently when the quotas were removed and the tariff duty on Cuban sugar reverted to the pre-Cuban-trade-agreement rate. So far as concerns the rest of these imports, two things are to be noted: first, that they consist—as in the case of sugar—of commodities of a type which we do not produce in sufficient quantities, despite high tariffs on most of them, to meet our own requirements; and second, that, in very considerable part, they consist of products imported because of seasonal, quality or other special factors.

"The significance of changes in the volume of imports of agricultural, or so-called agricultural, products from year to year is equally in need of clarification. It is easy to attach a completely false significance to the rise of such imports from \$668,000,000 in 1932 to \$956,000,000 in 1938, meanwhile conveniently ignoring the fact that farm income, after reaching its lowest ebb in 1932, had increased, between 1932 and 1938, by almost *three billion dollars*. It

is easy to neglect pointing out that in 1929 we brought in from abroad \$2,218,000,000 of such products; so that, on the theory that the volume of farm imports governs farm prosperity, agriculture should have reached the very bottom of depression in 1929, instead of which—after two years of Hawley-Smoot embargoes—it reached bottom in 1932. It is easy to make utterly false use of import figures which are, in a large degree, abnormal. For example, a large part of the greatly increased volume of agricultural imports in 1937 was—as every informed person should have known—the direct result of severe domestic shortages caused by the droughts of 1934 and 1936. A considerable part of the increase was also, of course, the result of the marked economic improvement in 1937, which led to increased imports of agricultural and other raw materials, in large part non-competitive and essential for the operation of our industries.

"That our agriculture has not been injured by these imports of agricultural products may be clearly seen from an examination of the income received by farmers in recent years and from the movement of prices of the principal agricultural commodities. What the figures show, on the contrary, is that agricultural imports and farm income have tended generally in the past to move up and down together.

"The total cash income from the marketing of all farm products, exclusive of government payments, was \$4,606,000,000 in 1932; \$5,248,000,000 in 1933; \$8,621,000,000 in 1937; and \$7,538,000,000 in 1938. The latest estimated income for 1939 is \$7,600,000,000. All major groups of producers participated in these increases, just as in the preceding three years they all shared in the calamitous decline of farm income from the level of \$11,221,000,000 which was received in 1929.

"The contrast between the two periods is striking. During the first, the Hawley-Smoot tariff was in full operation; during the second, the trade-agreements program was increasingly being put into effect.

"When the Hawley-Smoot tariff was enacted in 1930, the farmers were promised a period of great prosperity, under the slogan, 'the American market for the American farmer'. Instead, during the three years which followed, the cash income from the marketing of crops fell by \$1,355,000,000, while the income from the marketing of livestock and livestock products dropped by \$2,338,000,000. This latter figure included a decline of \$1,252,000,000 in the income from meat animals alone, and a decline of \$641,000,000 in the income from dairy products.

"When the Trade Agreements Act was passed and periodically since then, as trade agreements were negotiated, irresponsible and terrifying predictions were made in some quarters that the effect would be to 'ruin' our agriculture. Yet, between 1933 and 1938, the income received from the marketing of crops increased by \$716,000,000, and the income received from the marketing of livestock and livestock products increased by \$1,574,000,000. This latter figure includes an increase of \$952,000,000 in the income from meat animals and of \$408,000,000 in the income from dairy products.

"The movement of prices of farm products since 1932 tells essentially the same story. In 1932 the average index of farm prices (1909-14=100) was 65; in 1938, it was 95. In 1932 the average farm price of wheat was 38.8 cents a bushel; in 1938, 66.1 cents; and on September 15, 1939, 72.7 cents. For corn the figures for these same respective dates were 28.1, 49.0, and 56.2 cents a bushel. For hogs, the figures were \$3.34, \$7.74, and \$7.06 a hundred, respectively. For beef cattle, the figures were \$4.25, \$6.53 and \$7.07 a hundred. For butterfat, the figures were 17.9, 26.3 and 24.7 cents a pound. For wool, the figures were 8.6, 19.1 and 24.3 cents a pound.

"While there was a considerable rise in prices of some of these products after the recent outbreak of war in Europe, inspection of the earlier figures reveals that, before that

time, the prices received by farmers for beef cattle, hogs, corn and wheat had risen one and one-half times as compared with 1932; those for butterfat, by nearly one-third; and those for wool, to three times their 1932 level.

"The data for income and prices with respect to beef cattle and dairy products are particularly significant. It is in connection with these commodities that the loudest prophecies of doom and the most reckless claims of injury have been occasioned by the tariff adjustments made in the trade agreements. Yet both of these branches of our agriculture have shown substantial improvement during recent years. It is in the face of such facts as these that some lobbyists in and out of Washington purporting to speak for dairy and livestock interests carry on their unceasing efforts to mislead not only the public but the very industries for whom they pretend to speak.

"The record recited above shows all too clearly that the whole idea that farmers have anything to gain by supporting a policy of air-tight embargo tariffs on farm products is shot through with fallacy. It shows, as already stated, that this leads to embargo tariffs all around, destroying both foreign and domestic markets and resulting in disaster to agriculture, as to other branches of our economic life. It proves conclusively that statements to the effect that our farmers are being injured by the trade agreements can only be based either upon ignorance of the facts, for which there is little excuse, since all of the data given above are regularly published and are easily available; or else upon a deliberate attempt to mislead the farmers and the public in general. It is an incontrovertible fact that no agricultural tariff adjustments have been made in our trade agreements without the utmost care to see to it that those branches of our agriculture affected were left with ample safeguards.

"I feel that I must emphasize once more the point that those who now attack the trade-agreements program on the alleged ground that the proposed Argentine agreement will injure

our agriculture assume that this agreement, or any single agreement, can be weighed in complete dissociation from the remainder of the entire program. They would have us ignore completely the moderate nature of the concessions made in other trade agreements and the beneficial effects of other agreements upon agriculture, through expansion of market outlets for farm products both at home and abroad. They even assume that the tariff adjustments which we may make in the Argentine agreement can be appraised independently of the benefits obtained in the way of safeguarding and expanding our exports to Argentina.

"Far from injuring farmers, the trade agreements have made a twofold contribution to their economic welfare. Increased foreign markets for agricultural products have eased the burden of our surpluses and have placed greater purchasing power in the hands of the producers. Increased foreign markets for industrial, as well as agricultural, products—and in the trade agreements negotiated to date, valuable concessions were secured from foreign countries for one-quarter of our nonagricultural exports—have expanded domestic demand for all types of farm products.

"The accomplishment of both of these aims—that is, expansion of both the domestic and the foreign demand for our products at fair prices—is among the paramount purposes of the trade-agreements program. Neither is possible in a satisfactory measure without the establishment throughout the world of conditions under which mutually profitable trade, based upon the essential principle of equal treatment, can be given the greatest practicable scope of operation. And experience has shown that no more effective method of promoting such conditions of trade has been devised than that embodied in our trade-agreements program.

"We have taken a position of leadership in this field, not only because a healthy development of foreign trade is necessary to the economic stability and welfare of this country and is an indispensable foundation of endur-

ing peace; but also because the alternative to the type of policy which we pursue is a growth of national economic isolation, with all its disastrous results for the peace and prosperity of nations. That alternative means, within nations, increasing regimentation in all phases of economic life, beginning with the surplus-producing industries and steadily extending to all other branches of production and distribution. It means the dole in an expanding and more and more aggravated form, and a decline in the general standard of national well-being. Even before the outbreak of the present war, excessive trade barriers were predominantly responsible for the piling up of huge surpluses in some countries, while millions of people throughout the world were compelled to subsist on short rations. Internationally, it means growing animosities, bitter resentments, and, in the end, the anarchy of violence through the unbridled use of armed force.

"When the present unfortunate period of hostilities is over, this and other important nations will be confronted with the choice of either furnishing an increased measure of leadership in bringing the world back to a sane and healthy economy, both domestically and internationally, and thus in building the foundation of enduring peace; or of undergoing a steady deterioration in their economic life, with all the evil consequences of such a downward course for stability and prosperity within nations and for peace among nations.

"At the present time, the best interests of this nation require the greatest possible effort in the direction of maintaining the results of our unremitting work in the field of trade-agreement negotiations during the past five years and of extending the area of negotiations wherever possible. The negotiations now in progress with such countries as Argentina are a part of this vital effort. Here we have an opportunity to place the trade relations between this country and the nations to the south of us on a basis of greater mutual advantage, to the benefit of both sides, and at the same time to strengthen the ties of friend-

ship and solidarity in the Western Hemisphere, which are so vitally important to our common security in a world harassed by war.

"In view of all these circumstances, I earnestly hope that those, like yourself, who have been apprehensive concerning the pending negotiations will give the whole matter further thought. It seems to me that it is due the nation, and the farmers themselves, that premature judgments with respect to these negotiations be suspended and that, when the negotiations are completed, appraisal of the results be based upon *all* of the relevant facts. I am confident that, if this is done, the only

reasonable verdict will be that the interests of the farmers will have been promoted, rather than hurt. I am confident that, in consequence of both direct and indirect benefits arising from the Argentine agreement itself and of the further impetus that conclusion of this agreement will give to a program which is basically in their interest, farmers will share with the rest of the nation the manifest advantages to be gained from the improvement of our trade relations with an influential and a friendly nation in the Western Hemisphere.

Sincerely yours,

CORDELL HULL"

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ANALYSIS OF THE TRADE AGREEMENT WITH VENEZUELA *

[Released to the press November 7]

SUMMARY

The United States and Venezuela signed at Caracas on November 6, 1939, a reciprocal trade agreement designed to maintain and improve the mutually beneficial trade relations

* This information has been prepared by representatives of the Department of State, the Department of Agriculture, the Department of Commerce, the Department of the Treasury, and the Tariff Commission. These Government agencies, under the reciprocal-trade-agreements program, cooperate in the formulation, negotiation, and conclusion of all trade agreements entered into by the United States under the provisions of the Trade Agreements Act of 1934, as extended by a joint resolution of Congress on March 1, 1937.

The text of the agreement and accompanying schedules will be printed in the Executive Agreement Series.

between the two countries. This agreement is the twenty-second trade agreement negotiated by the United States under the provisions of the Trade Agreement Act of June 12, 1934, as extended on March 1, 1937, and is the eleventh to be concluded with another American republic. Upon entry into force of the agreement with Venezuela, our trade with that nation and the other 19 countries with which trade agreements are now in effect will constitute about 60 percent of total United States trade with the world, on the basis of trade statistics for 1938.

Under the terms of a *modus vivendi* signed the same day, the substantive provisions of the agreement, including the general provisions and the schedules of concessions, will enter

provisionally into force on December 16, 1939, pending ratification of the agreement by the Venezuelan Government. The agreement will enter into full force 30 days after exchange of the instrument of ratification of the Venezuelan Government and the proclamation of the agreement by the President of the United States. It will remain in force, subject to certain special provisions, until December 15, 1942, and may continue in force indefinitely thereafter until 6 months after notice of termination has been given by either country.

Since May 12, 1938, trade relations between the United States and Venezuela have been regulated by a provisional commercial agreement providing for reciprocal unconditional most-favored-nation treatment. The reciprocal trade agreement, which supplants the previous arrangement, continues and strengthens the provisions for unconditional most-favored-nation treatment and in addition provides for reciprocal tariff concessions. These concessions include benefits for United States exports in the form of reductions or bindings of numerous Venezuelan tariff rates.⁷ In return, Venezuela receives reductions in duties or guaranties of the continuance of existing tariff treatment on a smaller number of products which represent a large percentage of its exports to the United States.

Concessions, including bindings, obtained from Venezuela cover such important American exports to that country as wheat flour, oatmeal, prepared milks, hog lard, lumber, iron and steel products, automotive products and accessories, radios, refrigerators, engines, pharmaceutical products, and paints. These products represented in 1938 about 36 percent of total United States exports to Venezuela, or about \$19,000,000 out of \$52,000,000.

Concessions granted to Venezuela include a reduction of 50 percent in the import tax on

crude petroleum and fuel oil on an annual quota of imports not in excess of 5 percent of the total quantity of crude petroleum processed in refineries in the continental United States during the preceding calendar year. The other concessions granted to Venezuela consists chiefly of guaranties of continued duty-free entry on fuel oil used for vessel bunkers and on a list of tropical or semitropical products of which Venezuela is a supplier.

I. GENERAL BACKGROUND

A. GENERAL CHARACTER OF THE VENEZUELAN ECONOMY

The petroleum industry is today the principal factor in the economic life of Venezuela. As late as 1914 petroleum production was negligible, and the country's economy was based largely on coffee and cacao. In 1938 the output of Venezuelan oil wells reached a record total of about 188 million barrels of crude oil, and approximately 90 percent of the Republic's exports consisted of petroleum and its derivatives.

Venezuela's area of approximately 352,000 square miles supports a population of 3,500,000 and is divided into three main economic areas: The petroleum district in the western part of the country around Lake Maracaibo and the city of the same name; the agricultural and pastoral district in central Venezuela with its chief center of population at Caracas, the capital, and its production of coffee, cacao, sugar cane, tobacco, corn, and tropical fruits and vegetables; and the Orinoco region in eastern Venezuela, which is known for its forest products, such as balata, tonka beans, divi-divi, hard woods, and medicinal plants. The recently developed oil fields in eastern Venezuela are also becoming increasingly important.

Manufacturing is relatively unimportant in Venezuela, but the following articles now produced in considerable quantities are indicative

⁷For convenience, the word "concessions" is used in this statement to include both these classes of benefits.

of the industrial trend: Petroleum derivatives, cotton textiles, leather, sawmill products, sugar, flour, corn meal, cigars, cigarettes, footwear, matches, glass, paper, dairy products, lard, soap, beverages, bakery products, confectionery, and furniture.

B. VENEZUELA'S FOREIGN TRADE

The character of the economy of Venezuela is reflected in the composition of the country's foreign trade. The most important imports are manufactured products, particularly machinery, equipment, and supplies for the petroleum industry. Other important import groups are: Foodstuffs, including wheat flour and lard; iron and steel manufactures; automotive vehicles, parts, and accessories; cotton fabrics; rayon and wool textiles; electrical apparatus, including radios, refrigerators and storage batteries; drugs and pharmaceutical products; and lumber.

In the export trade, crude petroleum is by far the most important item, representing about 84 percent of merchandise shipments to foreign countries. If petroleum derivatives are included, this figure approaches 90 percent. Coffee accounts for about 5 percent of exports and cacao for less than 2 percent, but these products are of great importance in the economy of central Venezuela. Other exports include cattle, hides, skins, balata, pearls, dividi-divi, tonka beans, hard woods, and bananas.

The United States supplies about one-half of Venezuela's imports. During 1938 American participation amounted to 56.2 percent as compared with 11.9 percent for Germany and 7.0 percent for the United Kingdom. Excepting shipments of crude petroleum from Venezuela to the nearby Netherlands West Indies for refining and reexport, the United States provides the chief market for exports from Venezuela. During 1938 the United States absorbed 13.2 percent of total Venezuelan exports as compared with 3.3 percent for the United Kingdom, the next most important consumer of Venezuelan products following the Netherlands West Indies and the United States. Although the islands of Curaçao and

Aruba take about three-fourths of Venezuela's total exports in the form of shipments of crude petroleum for their refineries, a considerable part of this Venezuelan oil is later reexported to the United States. Approximately 95 percent of exports of petroleum products from the Netherlands West Indies to the United States is produced from Venezuelan crude oil.

C. SUMMARY OF TRADE BETWEEN THE UNITED STATES AND VENEZUELA

Trade between the United States and Venezuela has undergone a sharp increase during recent years, with an expansion of both exports and imports. Total trade between the two countries in 1938 was valued at about \$72,300,000 as compared with \$69,200,000 in 1937, a depression low of \$26,600,000 in 1933, an average of \$59,000,000 for the period 1926-30, and an average of \$16,500,000 for the period 1911-15.

The trade of the United States with Venezuela during the period 1911-38 is shown below in table 1:

TABLE 1. UNITED STATES TRADE WITH VENEZUELA, 1911-38
(Values in thousands of dollars)

| Year or period | Exports ^a to Venezuela ^b | General imports from Venezuela ^b |
|----------------|--|---|
| 1911-15----- | 5, 522 | 10, 949 |
| 1916-20----- | 14, 582 | 19, 178 |
| 1921-25----- | 14, 576 | 14, 873 |
| 1926-30----- | 38, 129 | 35, 782 |
| 1931-35----- | 15, 371 | 20, 827 |
| 1928----- | 37, 920 | 38, 905 |
| 1929----- | 45, 325 | 51, 224 |
| 1930----- | 32, 967 | 36, 868 |
| 1931----- | 15, 645 | 26, 845 |
| 1932----- | 10, 229 | 20, 294 |
| 1933----- | 13, 115 | 13, 450 |
| 1934----- | 19, 281 | 22, 120 |
| 1935----- | 18, 585 | 21, 428 |
| 1936----- | 24, 079 | 26, 258 |
| 1937----- | 46, 445 | 22, 770 |
| 1938----- | 52, 278 | 20, 035 |

^a Includes reexports of foreign goods, a small fraction of the total.
^b The figures for the first five entries indicate the yearly average.

Exports of American products to Venezuela have more than doubled during the last 3 years. This expansion of trade is due in large

measure to increased activity in the petroleum industry. There have also been substantial purchases of American supplies and equipment in connection with the Venezuelan Government's public works program.

Among the chief exports from the United States to Venezuela, in their approximate order of importance are: Industrial machinery, including well and refinery machinery, construction and conveying machinery; iron and steel manufactures, including pipe, shapes, tanks, and wire products; automotive vehicles, parts, and accessories; wheat flour, dairy products, oatmeal, lard, and canned fish; cotton, rayon and wool fabrics; electrical apparatus; lumber; medicinal and pharmaceutical preparations; paints; rubber tires, tubes, and hose; leather; glass; paper products; and copper wire.

Direct merchandise imports into the United States from Venezuela amounted to \$20,035,000 in 1938 as compared with \$22,770,000 in 1937, a decrease of 12 percent, which was accounted for largely by smaller imports of goat and kid skins, cacao, and coffee. In 1938 about four-fifths of the direct imports in value consisted of 23,564,000 barrels of crude petroleum worth \$16,541,000, a small decrease from 1937. The fact should not be overlooked, however, as indicated above, that a large additional part of Venezuelan oil production reaches the United States indirectly. The bulk of the petroleum products credited in our import statistics to the Netherlands West Indies is produced from Venezuelan crude oil.

Coffee is the second most important commodity imported directly from Venezuela. Imports in 1938 were valued at \$1,963,000, a decline from the considerably higher values of \$3,286,000 in 1937 and \$4,909,000 in 1936. Imports of cacao from Venezuela declined in value in 1938 to \$759,000 as compared with \$1,695,000 in the previous year. Less important Venezuelan products imported into the United States during recent years were the following: balata, divi-divi, tonka beans, orchid plants, barbasco or cubé root, reptile skins, certain manures, and boxwood.

II. NATURE AND SCOPE OF THE CONCESSIONS

A. TARIFF CONCESSIONS OBTAINED FROM VENEZUELA

Venezuela's present tariff policy reflects its dependence upon import duties as an important source of revenue, its program to diversify and extend agricultural and industrial production, and its desire to maintain development of the important petroleum industry. Under this policy, machinery, equipment, and supplies for petroleum companies, for certain mining and public utility enterprises, and for the Venezuelan Government are imported free of duty under special provisions. Most consumer goods are dutiable, however, at relatively high tariff rates, while capital goods, including machinery and building materials, if not free of duty under special provisions, are for the most part dutiable at moderate rates. The present Venezuelan tariff, which became effective on October 23, 1936, provided for numerous duty increases on "luxury" products and articles not considered necessities. Duties on so-called "necessities" were reduced in numerous instances.

The tariff advantages obtained from Venezuela under the present agreement cover a long list of agricultural and industrial products classified under 96 items of the Venezuelan tariff. On the basis of United States trade figures for 1938, exports to Venezuela of products covered by these 96 items represented a value of nearly \$19,000,000 and accounted for approximately 36 percent of total exports to Venezuela. Duty reductions in varying degree were obtained on 35 items, the most important of which include wheat flour, hog lard, lumber, furniture, and parts for agricultural machinery and implements. Assurances against less favorable customs treatment were obtained in the case of the remaining 61 items, important among which are prepared milks, oatmeal, hams, and other food products; iron and steel products; automotive products and accessories; tires and tubes; radio sets and other electrical apparatus; office equipment; and paints.

By a Venezuelan decree of September 11, 1939, issued as an emergency measure to protect

consumers against rising prices as a result of war conditions, the general tariff rates on certain food products were temporarily reduced. On two of the products included among those on which concessions were obtained in the trade agreement, hog lard and rolled oats, the rates of duty provided for by the emergency decree are lower than those specified in the trade agreement. In the case of those products, imports from the United States will, while the emergency decree remains in force, receive the benefits of the rates provided therein, and whenever that decree is repealed, be dutiable at rates no higher than those set forth in the trade agreement. In the case of wheat flour, also included in the trade agreement, the general rate of duty was also reduced by the decree, but to a rate higher than that provided for in the trade agreement. Accordingly imports of wheat flour from the United States, at present dutiable at the rate set forth in the decree, will be subject to the lower rate specified in the trade agreement, when the agreement becomes effective.

Table 2 below summarizes the tariff concessions obtained from Venezuela in the trade agreement:

TABLE 2. SUMMARY OF TARIFF CONCESSIONS OBTAINED FROM VENEZUELA (SCHEDULE I)

| | Number of items | Exports to Venezuela in 1938 from the United States (thousands of dollars) | Percent of total exports to Venezuela from the United States |
|---|-----------------|--|--|
| A. Reductions in duty | 35 | 5,122 | 9.8 |
| B. Bindings | 61 | 13,590 | 26.1 |
| Total items upon which tariff concessions were obtained | 96 | 18,712 | 35.9 |
| Exports not subject to tariff concessions | | 33,357 | 64.1 |
| Total exports of domestic merchandise from the United States to Venezuela | | 52,069 | 100.0 |

B. TARIFF CONCESSIONS MADE BY THE UNITED STATES

The tariff concessions granted by the United States to Venezuela cover 14 items which in 1938 accounted for 88.6 percent of the total

value of United States imports from Venezuela. The concessions are of three types: *Reductions* in tariffs or import taxes on four items, of which the most important are crude petroleum and fuel oil; *binding* of the present duty on one item, orchid plants; and *binding* on the free list of nine items. Table 3 below summarizes the tariff concessions made by the United States:

TABLE 3. SUMMARY OF TARIFF CONCESSIONS MADE BY THE UNITED STATES (SCHEDULE II)

| | Number of items | Imports into the United States in 1938 from Venezuela (thousands of dollars) | Percent of total imports into the United States from Venezuela |
|--|-----------------|--|--|
| A. Reductions in duty or import tax: Imports subject to customs quotas (crude petroleum and fuel oils derived from petroleum, including gas oil and topped crude petroleum) | 2 | 14,965 | 74.6 |
| Imports not subject to quotas (ground barbasco root and tonka beans) | 2 | 31 | .2 |
| Total of above | 4 | 14,996 | 74.8 |
| B. Bindings: Binding of present duty (orchid plants) | 1 | 13 | .1 |
| Binding on free list | 9 | 2,750 | 13.7 |
| Total of above | 10 | 2,763 | 13.8 |
| Total items upon which tariff concessions are granted | 14 | 17,759 | 88.6 |
| Imports not subject to tariff concessions | | 2,295 | 11.4 |
| Total imports into the United States from Venezuela | | 20,054 | 100.0 |

* For explanation of customs quota on petroleum and fuel oil, see *infra*.
* Cocoa beans and shells; coffee; divi-divi; manures; gutta balata, crude; barbasco root, crude; crude petroleum, topped crude petroleum, and fuel oil for supplies of vessels, etc.; reptile skins, raw; boxwood in the log.

Reductions. The four items upon which duties or import taxes are reduced accounted for nearly 75 percent of total United States imports from Venezuela in 1938, the value of the imports of these items from Venezuela amounting to \$14,996,000. The outstanding commodities of this group are crude petroleum and fuel oil, including gas oil and topped crude petroleum. These products are free of duty under the Tariff Act of 1930 but are subject to an import tax under section 3422 of the Internal Revenue Code. The present agreement

provides for the continuance of the duty-free status of crude petroleum and fuel oil. The import tax is reduced by the agreement from $\frac{1}{2}\text{¢}$ to $\frac{1}{4}\text{¢}$ per gallon on an annual quota in any calendar year after 1938 not in excess of 5 percent of the total quantity of crude petroleum processed in refineries in the continental United States during the preceding calendar year. Imports in excess of the quota are subject to the full tax of $\frac{1}{2}\text{¢}$ per gallon, which is bound against increase.

The two remaining items on which more favorable customs treatment was granted by the United States in the agreement are ground barbasco root and tonka beans, on which the duties were reduced from 10 percent to 5 percent ad valorem and from 25¢ per pound to $12\frac{1}{2}\text{¢}$ per pound, respectively. Both of these are typical products of the tropical or semitropical zones and are not produced in the United States.

Bindings of existing tariff treatment. The one product on which the present rate of duty was bound against increase by the United States in the agreement is orchid plants, dutiable at 15 percent ad valorem. These plants had previously been the subject of a concession in the trade agreement with the United Kingdom, effective January 1, 1939, in which agreement the duty was reduced from 25 percent to 15 percent ad valorem.

On the remaining 9 items in schedule II, existing duty-free entry into the United States was bound against change. These items, most of which are tropical commodities not produced in the United States, are cacao, coffee, divi-divi, manures, crude gutta balata, crude barbasco or cubé root, crude petroleum and fuel oil for ships' supplies, raw reptile skins, and boxwood in the log.

III. ANALYSIS OF INDIVIDUAL CONCESSIONS OBTAINED FROM VENEZUELA

(Trade figures are for 1938, unless otherwise specified. All duties are on a gross-kilo basis, equivalent to 2.2 pounds. The average value of the Venezuelan bolivar in September 1939 was about 31 cents.)

Foodstuffs

GRAIN PRODUCTS. Wheat flour is the most important food product exported to Venezuela from the United States, and in 1938 the trade in this commodity amounted to 317,000 barrels with a value of \$1,635,000. Under the agreement, the duty on wheat flour is reduced from 0.40 bolivar (about $12\frac{1}{2}$ cents) to 0.24 bolivar (about $7\frac{1}{2}$ cents).

The duty on crushed oats or oatmeal is bound against increase under the agreement at 0.20 bolivar, and affects a trade amounting to \$430,000. The existing rate of duty on oat flour is also bound against increase.

FRUITS AND VEGETABLES. The Venezuelan duty on canned fruit prior to the agreement was 1.20 or 1.30 bolivares, depending on the type of fruit. Under the agreement those rates are reduced, respectively, to 0.90 or 1.00 bolivar, to the benefit of a trade in 1938 to \$100,000. More favorable customs treatment was also obtained on dried fruit, with a duty reduction from 1.20 bolivares to 0.90 bolivar per gross kilo affecting a trade of \$62,000.

In 1938 exports of fresh apples, pears, and grapes from the United States to Venezuela were valued at \$92,000. Under the agreement these products receive the benefit of a duty reduction from 1.00 to 0.75 bolivar per gross kilo. On sterilized fruit juices the former Venezuelan duty is lowered from 0.60 to 0.40 bolivar (approximately 13 cents). Among the important items in United States exports of foodstuffs to Venezuela are canned vegetables, soups, sauces, and relishes. The trade in these products in 1938 was valued at \$137,000, and their sale in Venezuela will be facilitated by a duty reduction obtained in the agreement of from 1.20 to 0.80 bolivares per gross kilo.

CANNED FISH. Assurance of no less favorable customs treatment was secured in the agreement for canned sardines (except those packed in olive oil), an important item in our exports of fish products to Venezuela, with trade amounting to \$301,000 in 1938. The duty was bound at 0.28 bolivar or approximately $8\frac{3}{4}$ cents per gross kilo.

On canned salmon, the duty was reduced under the agreement from 1.20 to 0.90 bolivares and on canned shellfish from 2.00 to 1.50 bolivares. The trade in these two items in 1938 amounted to \$60,000.

LARD AND MEAT PRODUCTS. Under the agreement the duty on hog lard is reduced from 1.20 to 0.90 bolivares, although the special emergency rate, effective September 11, 1939, of 0.80 bolivar will be applicable to imports from the United States as long as the provisions of the decree of that date remain in effect. In 1938 exports of hog lard to Venezuela were valued at \$331,000, but in former years this trade exceeded \$1,000,000. The trade-agreement rate of 0.90 bolivar per gross kilo is equivalent to approximately 12 $\frac{3}{4}$ cents per gross pound.

On bacon and hams the Venezuelan duty is bound against increase at the rate of 1.20 bolivares per gross kilo, affecting United States exports to Venezuela in 1938 of about \$280,000. Similar rates of duty on pork sausage and canned pork are also bound against increase. United States exports of these two products to Venezuela in 1938 amounted to approximately \$160,000.

MISCELLANEOUS FOOD PRODUCTS. Exports of prepared milks from the United States to Venezuela amounted to \$732,000 in 1938, and the duty on this important product is bound at 0.50 bolivar. Another binding under this group of products is that on special foods for children and invalids, including malted milk preparations. Under the agreement this product will be dutiable at either 0.30 if its cacao content is not more than 10 percent or 0.70 bolivar per gross kilo if such content is more than 10 percent but not more than 15 percent. The trade in these items in 1938 amounted to \$374,000.

Two items in this group on which duty reductions were obtained include confectionery, with a lowering of the rate from 6.00 to 4.50 bolivares per gross kilo, and unsweetened crackers and biscuits, with a reduction from 1.50 to 1.20 bolivares per gross kilo. On these two products our exports to Venezuela in 1938

were valued at about \$175,000. On chewing gum the existing duty of 2.00 bolivares is bound against increase on an amount of trade valued in 1938 at \$116,000.

Automotive products

Automotive products are among the most important of our exports to Venezuela, and on passenger automobiles, truck and bus chassis and parts, the present customs treatment is bound against increase. The Venezuelan rates of duty on passenger automobiles vary according to the weight of the vehicle, from 0.55 bolivar per gross kilo on the lightest cars to 1.60 bolivares on the heaviest models. Automotive accessories and tires and tubes are dutiable at a uniform rate of 1.00 bolivar. The importance of the trade in these automotive lines is indicated by the value of exports in 1938: Trucks, \$3,709,000; passenger cars, \$2,209,000; parts and accessories, \$803,000; and tires and tubes, \$396,000.

Machinery

Existing duty-free entry for all types of tractors is bound in the agreement, affecting exports in 1938 of \$406,000. An important reduction in duty of 50 percent was obtained in the case of parts for agricultural machinery, in which our trade last year was valued at about \$150,000.

Existing customs treatment on such important export products of the United States as typewriters and parts, calculating machines, cash registers, and sewing machines is bound against increase under the agreement. Such treatment protects a trade exceeding \$500,000 in 1938.

Lumber and paper

The chief types of lumber exported from the United States to Venezuela are free of duty or dutiable according to the sawn size of the wood. On the smaller sizes, that is, 25 centimeters or less in thickness, our exports in 1938 were valued at about \$475,000, but in former years this trade has been much larger. Under the agreement the Venezuelan duty on

this type of lumber is reduced from 0.24 to 0.15 bolivar per gross kilo, the new rate being equivalent to about 4½ cents per gross kilo. Larger sizes of lumber enter Venezuela free of duty, and this favorable treatment for imports from the United States will be continued under the agreement, protecting trade valued in 1938 at \$110,000.

On plain writing paper a duty reduction is obtained in the agreement of 25 percent from the existing rate of 1.20 bolivares per gross kilo. Our exports of this type of paper to Venezuela in 1938 were valued at \$171,000.

Metals and manufactures

On such important American exports to Venezuela as galvanized sheets, tin plate, and filing cabinets, assurance was obtained in the agreement of continuance of existing customs treatment. The trade in these three items in 1938 amounted to about \$625,000.

On metal furniture a reduction in duty was secured in the agreement from 1.80 to 1.40 bolivares per gross kilo and on metal beds from 1.80 to 1.00 bolivares. The 1.00-bolivar rate is equivalent to about 31 cents per gross kilo. The trade in these two items amounted in 1938 to about \$335,000.

Electrical apparatus

Several electrical products of major importance in our export trade with Venezuela are protected under the agreement against increases in duty. The rates of duty on radio receiving sets and phonographs range from 2.00 to 5.00 bolivares per gross kilo depending on weight. With a trade valued at more than \$400,000 in 1938, these rates are bound. Other important electrical products on which present customs treatment is bound include radio tubes and parts, automatic refrigerators, and storage batteries. The trade in these three products in 1938 exceeded \$600,000.

Paints, pharmaceuticals, and chemical products

Several products in this group benefit from concessions under the agreement. The rate of

duty on ready-mixed paints is bound at 0.50 bolivar per gross kilo and that on varnishes, paints, and enamels is reduced from 1.50 to 1.20 bolivares, while the rate on varnishes and lacquers is lowered from 1.20 to 0.80 bolivares. Our exports to Venezuela of these three items amounted to about \$340,000 in 1938. A reduction of 50 percent in the duty of 1.20 bolivares on industrial polishes was obtained in the agreement, and the rate of duty on shoe polishes was bound at 1.20 bolivares per gross kilo.

A reduction in duty affecting exports valued at \$40,000 in 1938 was secured on toilet and shaving soaps through lowering of the existing rate of 5.00 bolivares by 20 percent. Continuance of existing customs treatment was secured on numerous pharmaceutical specialties, including dentifrices and antiseptic cotton, which involve a trade estimated at \$1,250,000 in 1938. Most of these products are dutiable at 1.95 bolivares and others at 2.00 bolivares, the difference representing a reduction of 2½ percent granted to France under a commercial treaty with Venezuela and extended to the United States under the most-favored-nation provision of the provisional commercial agreement between the United States and Venezuela.

Miscellaneous products

On hosiery of pure silk or mixtures with a trade valued at \$134,000 in 1938 the Venezuelan customs duty was reduced under the agreement by 20 percent from the present level of 50.00 bolivares per gross kilo. A reduction in duty was also secured from 40.00 to 15.00 bolivares on corsets, garters, and similar articles made of silk and mixtures, while the same articles when made of cotton are assured of a continuance of the existing rate of 15.00 bolivares.

Present duties on unprinted motion-picture film (2.00 bolivares) and on printed film (2.60 bolivares) are bound against increase under the agreement and affect a trade valued in 1938 at \$100,000. Continuance of existing customs

treatment is also guaranteed on miscellaneous sporting goods, transmission belting, and tire repair kits. The trade in these three items amounted to nearly \$150,000 in 1938. Finally,

on wick and pressure lanterns the existing duty of 1.20 bolivares is reduced to .80 bolivar under the agreement, benefiting a trade of \$22,000.

TABLE 4. ANALYSIS OF UNITED STATES EXPORT PRODUCTS AFFECTED BY THE RECIPROCAL TRADE AGREEMENT WITH VENEZUELA (SCHEDULE I)

(The Venezuelan bolivar equals about \$0.31 United States currency. The average exchange rate for September 1939 was 3.17 bolivares to \$1.00. All duty rates are per gross kilogram, equivalent to 2.2 pounds.)

(n. a. = statistics not available)

| Venezuelan tariff number | Description of commodities | Venezuelan duties | | Extent of reduction | U. S. exports to Venezuela (thousands of dollars) | | |
|--------------------------|--|-----------------------------|----------------|---------------------|---|-------|-------|
| | | 1936 tariff rate as amended | Agreement rate | | 1929 | 1937 | 1938 |
| 3-D | Salmon, canned. | 1.20 | 0.90 | 25% | 20 | 12 | 21 |
| 3-E | Sardines, canned, in oil (except olive oil), in sauce or in their own juice. | 0.28 | 0.28 | Bound | 174 | 225 | 301 |
| 3-F | Shellfish, canned. | 2.00 | 1.50 | 25% | 54 | 22 | 39 |
| 4 | Hog lard | * 1.20 | 0.90 | 25% | 1,307 | 113 | 331 |
| 7 | Bacon | 1.20 | 1.20 | Bound | 59 | 21 | 30 |
| 9 | Prepared milk, including evaporated, condensed, dried skimmed, and dried whole milk. | 0.50 | 0.50 | Bound | 330 | 199 | 732 |
| 13-B | Apples, pears, and grapes, fresh. | 1.00 | 0.75 | 25% | 147 | 80 | 92 |
| 14-C | Dried fruits, not specified, including raisins, prunes, apricots, peaches, apples, pears, and mixed fruits. | 1.20 | 0.90 | 25% | 59 | 62 | 62 |
| 15-A | Fruits, canned or bottled, in their own juice. | 1.20 | 0.90 | 25% | 163 | 71 | 100 |
| 15-B | Fruits, canned or bottled, in syrup. | 1.30 | 1.00 | 23% | | 345 | 430 |
| 22-B | Oats, crushed or rolled. | * 0.20 | 0.20 | Bound | 91 | 1,845 | 1,579 |
| 27-A | Wheat flour. | * 0.40 | 0.24 | 40% | n. a. | n. a. | 1,635 |
| 27-C | Oat flour | 0.40 | 0.40 | Bound | n. a. | n. a. | n. a. |
| 36-A | Hams. | 1.20 | 1.20 | Bound | 411 | 179 | 249 |
| 36-B | Pork sausages. | 1.20 | 1.20 | Bound | 38 | 11 | 12 |
| 36-C | Canned pork | 1.20 | 1.20 | Bound | 113 | 91 | 147 |
| 37-B | Vegetables, soups, sauces, and relishes, canned or bottled. | 1.20 | 0.80 | 33½% | 131 | 97 | 137 |
| 37-C | Special foods for children and for dietary uses, including malted milk and similar milk-base preparations not containing cacao or containing not more than 10 per centum of cacao, and also including those with fruit or vegetable bases. | 0.30 | 0.30 | Bound | 32 | 313 | 374 |
| 39 | Special foods for children and for dietary uses, containing more than 10 per centum but not more than 15 per centum of cacao. | 0.70 | 0.70 | Bound | | | |
| 44 | Sweets, bonbons, and candies of any kind, including chocolate confectionery. | 6.00 | 4.50 | 25% | 168 | 17 | 20 |
| 57 | Crackers and biscuits, unsweetened. | 1.50 | 1.20 | 20% | 126 | 113 | 154 |
| 99-E | Sterilized fruit juices. | 0.60 | 0.40 | 33½% | | 12 | 20 |
| 143-A | Corsets, elastic garments, garters, and similar articles (of cotton). | 15.00 | 15.00 | Bound | N. S. C. (4) | (4) | (4) |
| 143-C | Hosiery of pure silk or mixtures. | 50.00 | 40.00 | 20% | 78 | 116 | 134 |
| 224-F | Corsets, elastic garments, garters, and similar articles (of pure silk or mixtures). | 50.00 or 40.00 | 15.00 | 62½% | 44 | 45 | 29 |
| 229 | Rubber patches for repairing tires and tubes and emergency repair kits consisting of patches, cement, and buffer. | 0.75 | 0.75 | Bound | 11 | 9 | 9 |
| 230-B | Cigarettes. | 20.00 | 12.00 | 40% | 42 | 105 | 131 |
| 243 | Internal tax. | 20.00 | 20.00 | Bound | | 914 | 613 |
| 248-J | Sawn timber and rough lumber, measuring 25 centimeters or less in thickness at both ends, including pitch pine, ponderosa pine, sugar pine, Douglas fir, spruce, hemlock, redwood (Sequoia), cedar, and southern cypress. | 0.24 | 0.15 | 37½% | 1,308 | 3,419 | 3,709 |
| 248-L | Writing paper, not lined. | 1.20 | 0.90 | 25% | 71 | 209 | 171 |
| 319-D | Iron or steel sheets, galvanized. | 0.20 | 0.20 | Bound | 287 | 250 | 392 |
| 319-E | Tin plate in sheets. | 0.08 | 0.08 | Bound | 18 | 154 | 135 |
| 319-F | Metal filing cabinets. | 0.40 | 0.40 | Bound | 20 | 62 | 100 |
| 319-G | Beds of ordinary metals, with or without spring mattresses. | 1.80 | 1.00 | 44% | 99 | 41 | 52 |
| 320-A | Furniture of ordinary metals, not specified. | 1.80 | 1.40 | 22% | 64 | 181 | 283 |
| 321-A | Automobile, truck, and bus chassis, without bodies, but including chassis with cabs. | 0.09 | 0.09 | Bound | 1,308 | 3,419 | 3,709 |
| 321-B | Passenger automobiles with bodies, not exceeding 800 kgs. in weight. | 0.55 | 0.55 | Bound | | | |
| 321-C | Passenger automobiles with bodies whose weight exceeds 800 kgs. and is not more than 1,400 kgs. | 0.60 | 0.60 | Bound | | | |
| 321-D | Passenger automobiles with bodies whose weight exceeds 1,400 kgs. and is not more than 1,600 kgs. | 0.80 | 0.80 | Bound | | | |
| 321-E | Passenger automobiles with bodies whose weight exceeds 1,600 kgs. and is not more than 1,700 kgs. | 1.00 | 1.00 | Bound | 2,751 | 3,041 | 2,209 |
| 321-F | Passenger automobiles with bodies whose weight exceeds 1,700 kgs. and is not more than 2,000 kgs. | 1.40 | 1.40 | Bound | | | |
| | Passenger automobiles with bodies whose weight exceeds 2,000 kgs. | 1.60 | 1.60 | Bound | | | |

* Rate of duty reduced to 0.80 bolivar per gross kilo as an emergency measure by Venezuelan decree of Sept. 11, 1939.

† Rate of duty reduced to 0.10 bolivar per gross kilo as an emergency measure by Venezuelan decree of Sept. 11, 1939.

‡ Rate of duty reduced to 0.30 bolivar per gross kilo as an emergency measure by Venezuelan decree of Sept. 11, 1939.

§ Included in item 143-C.

TABLE 4. ANALYSIS OF UNITED STATES EXPORT PRODUCTS Affected by the RECIPROCAL TRADE AGREEMENT WITH VENEZUELA (SCHEDULE I)—Continued

| Venezuelan tariff number | Description of commodities | Venezuelan duties | | Extent of reduction | U. S. exports to Venezuela (thousands of dollars) | | |
|--------------------------|--|-----------------------------|----------------|---------------------|---|-------|------|
| | | 1936 tariff rate as amended | Agreement rate | | 1929 | 1937 | 1938 |
| 322 | Accessories for automobiles: | | | | | | |
| 322-A | Wheels for rubber tires. | 1.00 | 1.00 | Bound. | (*) | (*) | (*) |
| 322-B | Rubber tires. | 1.00 | 1.00 | Bound. | 459 ¹ | 373 | 365 |
| 322-C | Inner tubes. | 1.00 | 1.00 | Bound. | 46 | 26 | 31 |
| 322-D | Spring seats. | 1.00 | 1.00 | Bound. | | | |
| 322-E | Boxes (trunks) for automobiles. | 1.00 | 1.00 | Bound. | | | |
| 322-F | Automobile tops. | 1.00 | 1.00 | Bound. | | | |
| 322-G | Fenders. | 1.00 | 1.00 | Bound. | | | |
| 322-H | Spare-tire holders. | 1.00 | 1.00 | Bound. | | | |
| 322-K | Not specified. | 1.00 | 1.00 | Bound. | | | |
| 330-A | Radio receiving sets, phonographs, weighing up to 10 kgs., net each. | 2.00 | 2.00 | Bound. | | | |
| 330-B | Radio receiving sets, phonographs, weighing more than 10 kgs., net each up to 25 kgs. | 3.00 | 3.00 | Bound. | | | |
| 330-C | Radio receiving sets, phonographs, weighing more than 25 kgs., net each up to 50 kgs. | 4.00 | 4.00 | Bound. | 301 | 500 | 407 |
| 330-D | Radio receiving sets, phonographs, weighing more than 50 kgs. | 5.00 | 5.00 | Bound. | | | |
| 330-E | Accessories for radio receiving sets, including tubes. | 0.40 | 0.40 | Bound. | | | |
| 332-A | Motion-picture film, silent and sound, unprinted. | 2.00 | 2.00 | Bound. | 24 | 105 | 105 |
| 332-B | Motion-picture film, silent and sound, printed. | 2.60 | 2.60 | Bound. | 1 | 13 | 17 |
| 333-A | Refrigerators, weighing up to 100 kgs., net each. | 0.40 | 0.40 | Bound. | 63 | 80 | 83 |
| 333-B | Refrigerators, weighing more than 100 kgs., up to 250 kgs., net each. | 0.50 | 0.50 | Bound. | | | |
| 333-C | Refrigerators, weighing more than 250 kgs., up to 500 kgs., net each. | 0.60 | 0.60 | Bound. | 80 | 465 | 426 |
| 333-D | Refrigerators, weighing more than 500 kgs., net each. | 0.40 | 0.40 | Bound. | | | |
| 338-A | Sewing machines. | 0.20 | 0.20 | Bound. | 304 | 370 | 147 |
| 342-B | Lanterns, wick and pressure types. | 1.20 | 0.80 | 33 1/3%. | 12 | 27 | 22 |
| 344 | Typewriters and accessories, including parts, cases, covers, and stands. | 1.00 | 1.00 | Bound. | 125 | 173 | 180 |
| 345 | Calculating machines, including electric ones. | 2.00 | 2.00 | Bound. | 42 | 128 | 96 |
| 346 | Cash registers. | 2.00 | 2.00 | Bound. | 96 | 44 | 86 |
| 348 | Internal-combustion engines. | 0.08 | 0.08 | Bound. | 91 | 232 | 306 |
| 349 | Spark plugs. | 1.20 | 1.20 | Bound. | 24 | 28 | 23 |
| 356 | Parts for agricultural machinery and implements: | | | | | | |
| -A | Weighing not more than 1 kg. net each. | 2.00 | 1.00 | 50%. | | | |
| -B | More than 1 kg. up to 5 kgs. net each. | 1.00 | 0.50 | 50%. | | | |
| -C | More than 5 kgs. up to 10 kgs. net each. | 0.70 | 0.35 | 50%. | | | |
| -D | More than 10 kgs. up to 30 kgs. net each. | 0.60 | 0.30 | 50%. | | | |
| -E | More than 30 kgs. up to 50 kgs. net each. | 0.50 | 0.25 | 50%. | 105 | 100 | 150 |
| -F | More than 50 kgs. up to 100 kgs. net each. | 0.40 | 0.20 | 50%. | | | |
| -G | More than 100 kgs. up to 500 kgs. net each. | 0.30 | 0.15 | 50%. | | | |
| -H | More than 500 kgs. up to 1,000 kgs. net each. | 0.20 | 0.10 | 50%. | | | |
| -I | More than 1,000 kgs. net each. | 0.10 | 0.05 | 50%. | | | |
| 357 | Pharmaceutical specialties, not specified. | 2.00 | 1.95 | 2 1/2%. | 323 | 750 | 797 |
| 358-C | Absorbent and antiseptic or medicinal cotton. | 2.00 | 2.00 | Bound. | 43 | 70 | 67 |
| 358-D | Pharmaceutical products, not specified. | 2.00 | 1.95 | 2 1/2%. | 474 | 130 | 165 |
| 359 | Dentifrices. | 2.00 | 2.00 | Bound. | 50 | 127 | 141 |
| 364-A | Chewing gum. | 2.00 | 2.00 | Bound. | 29 | 109 | 116 |
| 367-B | Toilet soap, including shaving soap in any form. | 5.00 | 4.00 | 20%. | 89 | 33 | 40 |
| 370 | Varnishes and lacquers. | 1.20 | 0.80 | 33 1/3%. | 31 | 37 | 46 |
| 371-A | Ready-mixed paints in oil, liquid. | 0.50 | 0.50 | Bound. | 200 | 274 | 295 |
| 371-B | Paints for varnishing and enameling. | 1.50 | 1.20 | 20%. | (*) | (*) | (*) |
| 382-C | Industrial preparations for polishing or cleaning. | 1.20 | 0.60 | 50%. | 14 | 16 | 18 |
| 382-H | Industrial preparations for coloring or shining footwear. | 1.20 | 1.20 | Bound. | 11 | 14 | 15 |
| 394-E | Sporting goods, not specified. | 0.08 | 0.08 | Bound. | 28 | 47 | 57 |
| 405 | Electric batteries (except storage batteries) and parts. | 0.20 | 0.20 | Bound. | 117 | 106 | 194 |
| 406 | Storage batteries and parts. | 0.50 | 0.50 | Bound. | 29 | 85 | 88 |
| 422 | Transmission belting. | 1.20 | 1.20 | Bound. | 65 | 72 | 81 |
| 424 | Pharmaceutical articles, not specified. | 2.00 | 2.00 | Bound. | n. a. | n. a. | 80 |
| 442 | Toilet paper. | Free | Free | Bound. | 9 | 25 | 35 |
| 451 | Tractors, wheel and track-laying types. | Free | Free | Bound. | 206 | 267 | 406 |
| 472 | Lumber of white pine, pitch pine, and Douglas fir, sawn, measuring more than 25 centimeters in thickness at both ends. | Free | Free | Bound. | 752 | 424 | 110 |

* Included in parts and accessories.

/ This duty was reduced to 1.95 bolivares in the commercial agreement between Venezuela and France.

* Included in 371-A.

IV. ANALYSIS OF INDIVIDUAL TARIFF CONCESSIONS MADE TO VENEZUELA (SCHEDULE II)

Crude petroleum, topped crude petroleum, and fuel oil derived from petroleum, including fuel oil known as gas oil (par. 1733).

Imports of crude petroleum and fuel oils are duty-free, but subject to an excise tax of $\frac{1}{2}$ -cent a gallon.⁸ Under this agreement, the excise tax is reduced from $\frac{1}{2}$ cent to $\frac{1}{4}$ cent a gallon on an annual amount of imports not in excess of 5 percent of the total quantity of crude petroleum processed in refineries in continental United States during the preceding calendar year. Any imports in excess of this quota will pay the $\frac{1}{2}$ -cent rate, which is bound against increase. The quota applies to the combined imports of crude petroleum, topped crude, and fuel oil including gas oil, i.e., there is no separate quota for each of these commodities. With respect to the significance of the 5 percent quota arrangement, it may be noted that the total quantity of crude oil processed in the refineries in 1938 was 1,165,015,-000 barrels, 5 percent of which is 58,251,000 barrels. The average annual imports of taxable crude and topped petroleum and fuel oil for the years 1933-38 were 34,569,000 barrels. The quota applies to total imports from all sources.

The United States share of the known world reserves of crude petroleum is somewhat less than 50 percent. On the other hand, this country produces slightly over 60 percent of the total world output notwithstanding the fact that the principal domestic fields are being operated under restrictions in order to avoid wasteful production.

Fuel oil (in one or more grades) is obtained from nearly all grades of crude petroleum and is produced in most refineries. Venezuelan crude is much heavier than the average domestic crude and yields principally heavy fuel oil and asphalt. Domestic crudes yield larger per-

centages of gasoline and kerosene, and superior grades of lubricating oil, the more valuable petroleum products. Fuel oil from domestic crudes consists chiefly of grades much lighter than imported fuel oil or fuel oil produced in this country from imported crude. The domestic demand for all grades of fuel oil, including both the heavy grades for ships' bunkers and industrial plants and the lighter grades for Diesel engines and residential heating, has been increasing. Production in the United States of heavy fuel oil from low-grade foreign crude and the importation of heavy fuel oil tend to reserve the high-grade domestic crudes for the production of the more valuable petroleum derivatives.

The United States leads the world in the production and consumption of petroleum products. This country is also important both as an importer and an exporter of crude petroleum and petroleum products. The domestic industry has been on an export basis for many years. In 1938, imports of crude petroleum amounted to 26,048,000 barrels as compared with exports of 77,272,000 barrels. Imports in that year of fuel oil of all grades (including tax-free entries for use in ships' bunkers) amounted to 26,165,000 barrels⁹ as compared with exports of 43,832,000 barrels. Venezuela is the most important supplier of United States imports of crude petroleum, accounting for 85 percent of the total in 1937 and 90 percent in 1938. Imports of fuel oil are supplied almost entirely by the Netherlands West Indies, but most of the fuel oil refined in the Netherlands West Indies is produced from Venezuelan crude.

Ground barbasco or cubé root (par. 35).

The duty on ground barbasco root or cubé root is reduced from 10 percent to 5 percent ad valorem in the present agreement.

Barbasco root is not produced in the United States. It grows in tropical and semitropical

⁸Imports of these products are exempt from the excise tax when imported either for supplies of ships in foreign trade and certain others, or for manufacturing in bond.

⁹The figure for imports includes 18,231,000 barrels of tax-free fuel oil for use in ships' bunkers and 682,000 barrels entering free under bond for manufacture and export.

climates and is found largely in Central and South America. The production of the ground root in the United States is entirely dependent upon imported crude barbasco root, which is ground and processed for use in the manufacture of agricultural insecticides.

Barbasco root, crude or unmanufactured, not specially provided for (par. 1722).

Crude barbasco root has been duty-free under the Tariff Acts of 1930, 1922, and 1913. In the present agreement, the duty-free status is bound against change.

Crude barbasco root is not produced in the United States, and most South American countries have passed laws preventing its export, except in a dried or ground condition, in order to prevent its transplantation to other countries.

Imports of the crude root are supplied principally by Peru, Brazil, and Venezuela. In 1938 imports from Venezuela, which totaled 55,000 pounds valued at \$8,167, comprised 9 percent of total imports of the root into the United States.

Tonka beans (par. 92).

The duty on tonka beans is reduced from 25 cents a pound to 12½ cents a pound.

Tonka beans are not produced in the United States and they do not compete with any product of American farms or forests. These beans have an agreeable odor, and their principal aromatic constituent, coumarin, is used for scenting tobacco, snuff, confectionery, and liqueurs. The tobacco industry is by far the largest consumer.

Venezuela is the principal producer and exporter of tonka beans. Most of the exports from Venezuela are shipped to Trinidad, where they are treated with rum and then reexported to consuming countries. Venezuela and Trinidad together are the principal suppliers of tonka beans imported into the United States; in 1937, the combined imports from these two countries amounted in value to \$522,000 and in 1938, to \$763,000.

Orchid plants (par. 754).

In the agreement with the United Kingdom, effective January 1, 1939, the United States duty on orchid plants was reduced from 25 percent to 15 percent ad valorem. In the present agreement the duty is bound against increase at the 15 percent rate.

The bulk of the United States requirements of orchid plants is grown domestically. The annual production in this country is estimated at about \$700,000, or approximately seven times the value of imports. It is estimated that the total annual sales of orchid flowers (as distinguished from the plants) amounts to between 8 and 10 million dollars.

Imports consist principally of two types: (1) Cultivated species or hybrids from the greenhouses of Europe, and (2) native species collected in the tropics of South America. The United Kingdom, Venezuela, and Colombia are the principal suppliers of United States imports.

Cocoa or cacao beans (par. 1650).

Cocoa and cacao beans have been duty-free in the Tariff Acts of 1930, 1922, and 1913, and are bound against change in the present agreement; similar action with respect to these products has been taken in the trade agreements with Haiti, Brazil, Honduras, Nicaragua, El Salvador, Costa Rica, Ecuador, and the United Kingdom.

Cacao beans are not produced in the United States, and the domestic cocoa and chocolate industry depends entirely on imports for its source of this raw material. The United States outranks any other country as a market for cacao beans.

Coffee (par. 1654).

Coffee has been on the free list under all recent tariff acts. Moreover, it has been bound on the free list in previous trade agreements with nine countries; and in the present agreement its duty-free status (except coffee entering Puerto Rico) is again bound against change.

No coffee is produced in continental United States, but there is a large and important industry for roasting, grinding, and packaging coffee, for all of the imports consist of green or raw coffee.

Imports usually range from about 1.5 to 2 billion pounds annually. From one-half to two-thirds of total coffee imports come from Brazil and consist of Brazils or strong coffees. Imports from other countries are generally mild coffees used for blending, and the blends desired by American coffee users largely determine the quantities of each class imported.

Venezuela is one of the principal sources of mild coffees imported into the United States.

Reptile skins, raw (par. 1765).

Raw reptile skins have been duty-free under the Tariff Acts of 1930, 1922, and 1913. They were bound on the free list in trade agreements with six countries and are again so bound in the present agreement.

The United States is dependent on foreign sources for most of the reptile skins used in this country. Only alligator skins, practically all of which come from Florida, are produced on a commercial basis in the United States; statistics of domestic production are not available. Imports of reptile skins vary closely with the demand for reptile leather footwear, which is a matter of fashion.

Divi-divi (par. 1670).

Divi-divi, the dried pod of a tree found in tropical America, has been free of duty under the Tariff Acts of 1930, 1922, and 1913, and is bound against change in the present agreement.

There is no domestic production of divi-divi, which is used by the tanning industry for the tannin contained in the pods.

Manures (par. 1685).

Manures have been duty-free under the Tariff Acts of 1930, 1922, and 1913, and are bound against change in the present agreement.

Most of the imports from Venezuela consist of goat manure, which is usually processed

and packaged before distribution for use in gardens and potted plants.

Gutta balata, crude (par. 1697).

Gutta balata has been bound on the free list in trade agreements with Brazil and Colombia and is so bound in the present agreement.

Crude gutta balata is the coagulated latex of a tree found in northern South America; it is used chiefly in the manufacture of covers for golf balls and in making transmission belts, footwear, chewing gum, medical tape, and marine cables.

Crude petroleum, topped crude petroleum, and fuel oil derived from petroleum, including fuel oil known as gas oil, for use as supplies for ships (par. 1733).

Imports of crude petroleum and fuel oils for use as ships' supplies are free of duty under paragraph 1733 of the Tariff Act of 1930 and also free of excise tax under section 3451 of the Internal Revenue Code. Under the trade agreement with the United Kingdom, effective January 1, 1939, the United States bound the tax-exempt status of all liquid derivatives of crude petroleum, including fuel oil, intended for use as ships' supplies. This binding is in substance repeated in the present agreement and extended to include crude petroleum used in this manner.

Boxwood in the log (par. 1803 (2)).

The duty-free status of boxwood has been previously bound in trade agreements with four countries and is now bound in the agreement with Venezuela.

Boxwood is a wood of fine texture. It is not indigenous to the United States, and there is no commercial production of logs in this country. Boxwood is practically a noncompetitive wood, its principal use in the United States being in the production of high-grade measuring instruments, such as engineers' and architects' scales.

Venezuela has been the outstanding source of imports of boxwood in the log for some years.

TABLE 5. ITEMIZED LIST OF TARIFF CONCESSIONS MADE TO VENEZUELA (SCHEDULE II)
(n. a.=statistics not available)

| Paragraph number in Tariff Act of 1930 | Item | Rate of duty | | | Ad valorem equivalent on basis of imports in 1938 | | United States imports for consumption (in thousands of dollars) | | | |
|--|---|--------------|---|--|---|----------------------|---|--------|--------|--------------------|
| | | 1929 | Before agreement | Under agreement | Rate before agreement | Rate under agreement | From Venezuela | | | From all countries |
| | | | | | | | 1929 | 1937 | 1938 * | 1938 * |
| 35..... | A. REDUCTIONS IN DUTY Barbasco or cubé root, natural and uncompounded, but advanced in value or condition by grinding beyond that essential to proper packing and the prevention of decay or deterioration pending manufacture, whether or not otherwise advanced, and not containing alcohol. | 10% ad val. | 10% ad val. | 5% ad val. | Percent 10 | Percent 5 | n. a. | | | 245 |
| 92..... | Tonka beans..... | 25¢ lb. | 25¢ lb. | 12½¢ lb. | b 19.4 | 9.7 | 6 | 48 | 31 | 795 |
| 1733 (Internal Revenue Code, sec. 3422). | Petroleum, crude..... | Free | Free | 1½¢ gal. | 29.2 | 14.6 | 32,609 | 15,760 | 14,965 | 16,407 |
| | Fuel oil derived from petroleum, including gas oil and topped crude petroleum. | Free | Free | 1¾¢ gal. | | | (*) | | (*) | 6,098 |
| | Total..... | | | | | | 32,615 | 15,808 | 14,996 | |
| 754..... | B. BINDINGS OF PRESENT DUTY Orchid plants..... | 25%..... | / 15% ad val. | 15% ad val. | 15 | 15 | n. a. | 16 | 13 | 103 |
| | Total..... | | | | | | n. a. | 16 | 13 | |
| 1653..... | C. BINDINGS ON FREE LIST Cocoa or cacao beans, and shells thereof. | * Free | Free | Bound free | | | 2,716 | 1,695 | 750 | 20,130 |
| 1654..... | Coffee, except coffee imported into Puerto Rico and upon which a duty is imposed under the authority of sec. 319. | Free | Free | Bound free | | | 13,687 | 3,286 | 1,964 | 137,821 |
| 1670..... | Dyeing or tanning materials: Dividi, whether crude or advanced in value or condition by shredding, grinding, chipping, crushing, or any similar process, and not containing alcohol. | Free | Free | Bound free | | | 15 | | 2 | 3 |
| 1685..... | Manures..... | Free | Free | Bound free | | | n. a. | ^ 42 | | ^ 17 |
| 1697..... | Gutta balata, crude..... | Free | Free | Bound free | | | 58 | | | 181 |
| 1722..... | Barbasco or cubé root, crude or unmanufactured, not specially provided for. | Free | Free | Bound free | | | n. a. | | 8 | 44 |
| 1733 (Internal Revenue Code, sec. 3451). | Crude petroleum and fuel oil derived from petroleum; any of the foregoing sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war of the United States or of any foreign nation, or vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade between the Atlantic and Pacific ports of the United States and any of its possessions, under regulations prescribed with the approval of the Secretary of the Treasury. | Free | Tariff free; exempt from taxes imposed by secs. 3420 and 3422 of the Internal Revenue Code. | Bound tariff free and bound exempt from taxes imposed by secs. 3420 and 3422 of the Internal Revenue Code. | | | | | (*) | 9,845 |
| 1765..... | Reptile skins, raw..... | Free | Free | Bound free | | | 7 | 29 | 17 | 312 |
| 1803 (2)..... | Boxwood in the log..... | Free | Free | Bound free | | | 26 | n. a. | n. a. | n. a. |
| | Total..... | | | | | | 16,500 | 5,052 | 2,750 | |

* Preliminary.

* Equivalent ad valorem based on total imports into the United States from all countries. The equivalent ad valorem on imports from Venezuela was 15.6 percent.

* Imports of crude petroleum and fuel oil are duty-free but subject to an import revenue tax of ½ cent a gallon as imposed under the Internal Revenue Code, sec. 3422. The reduction in the import tax from ½ to ¼ cent a gallon in the present agreement is applicable to annual quotas of crude petroleum and fuel oil entered, or withdrawn from warehouse, for consumption in any calendar year, not in excess of 5 percent of the total quantity of crude petroleum processed in refineries in the continental United States during the preceding calendar year. Imports in excess of the annual quotas are subject to the full tax of ½ cent a gallon, which is bound against increase. In addition, the present agreement provides for the binding of the duty-free status (as distinguished from the taxable status) of crude petroleum and fuel oil derived from petroleum.

* Imports, \$10.

* While there were no direct imports of Venezuelan fuel oil in 1938, a large proportion of the 7,215,000 barrels valued at \$6,070,000 imported from the Netherlands West Indies was produced from crude oil of Venezuelan origin. A similar statement applies to tax-free imports for ship supplies.

* The duty on orchid plants was reduced under the trade agreement with the United Kingdom, effective Jan. 1, 1939.

* Shells of cocoa beans dutiable at 10 percent under the act of 1922.

* The values shown here include imports of manures and other fertilizer substances, n. e. s.; these products are entered under the import classification "substances used chiefly for fertilizers, n. e. s."

V. GENERAL PROVISIONS OF THE TRADE AGREEMENT

The general provisions of the agreement embody the basic principle of equality of treatment essential to the development of international trade upon a sound and nondiscriminatory basis. They define the nature of the obligations assumed by each country in making tariff concessions to the other, set forth reciprocal assurances of nondiscriminatory treatment with respect to all forms of trade control and contain provisions relating to various other matters affecting the trade between the two countries.

PROVISIONS RELATING TO TREATMENT OF TRADE IN GENERAL

Article X. The United States and Venezuela undertake to accord to each other unconditional most-favored-nation treatment with respect to customs duties and related matters, including methods of levying duties and charges and the application of rules and formalities. This means that if either the United States or Venezuela reduces any customs duty or related charge, either autonomously or in connection with a commercial agreement with a third country, the other country will immediately and unconditionally be granted the benefit of the reduced rate of duty or charge.

Article V of the agreement relates to the imposition of internal taxes or charges levied in either country on products imported from the other and provides that such taxes or charges shall not be higher than those imposed on like articles of domestic or other foreign origin. An exception is made, however, in the case of taxes imposed by the Venezuelan Government on cigarettes, which are taxable at a higher rate if of foreign origin than are domestic cigarettes. It is provided, however, that the present tax rate applicable to cigarettes originating in the United States shall not be increased during the life of the agreement. Further, the provisions of the article will not apply to taxes imposed in either country on alcoholic beverages.

Article VII applies the principle of nondiscriminatory treatment to import quotas, prohibitions, and other forms of restriction on imports. All such restrictions are to be based upon a predetermined amount of imports to be admitted. If either country establishes such restrictions and if the amount of permitted importations is allocated by it among exporting countries, the share allotted to the other country shall in general be based upon the proportion of such imports which that country supplied in a previous representative period.

Article VIII provides that if either Government should establish a monopoly or grant monopoly privileges for the importation, production, or sale of any product, the commerce of the other country shall receive fair and equitable treatment in respect of foreign purchases by the monopoly.

Article IX provides that if either Government should establish or maintain any form of exchange control, it will accord to products imported from the other country, in regard to restrictions or delays on payments, exchange rates, taxes, or surcharges on exchange transactions and rules and formalities relating thereto, treatment no less favorable than that accorded to any product imported from any third country. The right is reserved by either Government to terminate the agreement on 30 days' written notice if difficulties should arise in the application of the provisions of this article which cannot be satisfactorily adjusted.

Article XI provides for the prompt publication of laws, regulations and administrative and judicial decisions relating to the classification of articles for customs purposes or to rates of duty. It is further provided that such laws, regulations, and decisions shall in general be applied uniformly at all ports of each country open to foreign commerce.

PROVISIONS RELATING TO CONCESSIONS

Articles I and II of the agreement relate to the tariff concessions granted by each country on products of the other and provide that products included in the schedules annexed to the

agreement shall, upon importation into the other country, be exempt from ordinary customs duties higher than those specified in the schedules and from all other charges in connection with importation in excess of those imposed on the day of signature of the agreement or required to be imposed thereafter by laws in force on that day.

Article III permits either country, notwithstanding the provisions of articles I and II, to impose on any product imported from the other country an import charge equivalent to an internal tax imposed on a similar domestic product or on any article from which the imported product has been made.

Article IV provides that the schedules annexed to the agreement will be considered as integral parts thereof.

Article VI relates to quantitative restrictions on imports of products included in the schedules annexed to the agreement and provides as a general undertaking that such products may not be subjected to such restrictions. It is recognized, however, that special circumstances may arise necessitating the imposition of restrictions on imports of articles included in the schedules. In such circumstances provision is made for consultation between the two Governments and if it is not possible to reach an agreement regarding the proposed restriction, for the termination of the agreement upon 30 days' notice. It is further provided that a period of notice shall be given to traders before any quantitative restriction is imposed under this article.

Article XII contains a provision permitting either country to terminate the agreement on 30 days' notice if the rate of exchange between the currencies of the two countries varies so substantially as to prejudice its industries or commerce.

Article XIII concerns the imposition of customs penalties for clerical errors and provides that both Governments shall accord the most favorable treatment permitted by law. It also provides for sympathetic consideration of representations in regard to customs regulations and related matters and the application of san-

itary regulations. If there should be disagreement between the two Governments with respect to sanitary laws or regulations, a committee of experts including representatives of both Governments may be established upon request of either Government. This committee would then study the matter and submit a report to both Governments.

GENERAL PROVISIONS AS TO APPLICATION OF THE AGREEMENT

Article XIV provides that the agreement shall apply, on the part of the United States, to the continental United States and to the territories and possessions included in its customs territory, the most important of which are Alaska, Hawaii, and Puerto Rico. The most-favored-nation provisions of the agreement will, however, apply also to those possessions of the United States which have separate tariffs, including the Philippines, the Virgin Islands of the United States, American Samoa, and the island of Guam.

Article XV excepts from the application of the agreement special advantages granted by either Government to facilitate frontier traffic and advantages accorded to any third country as a result of a customs union. There is also included the usual exception relating to special advantages accorded by the United States and its territories and possessions or the Panama Canal Zone to one another or to the Republic of Cuba. This article provides further that the Government of Venezuela may continue to apply a special import surtax upon articles imported into Venezuela from the Antilles not included in the customs territory of the United States.

Article XVI exempts from the provisions of the agreement regulations affecting imports or exports of gold and silver, measures relating to neutrality, sanitary regulations, et cetera.

Article XVII pledges each country to consider any representations which the other country may make concerning any measure adopted which, although not in conflict with the terms of the agreement, is considered by the second country to impair the effectiveness of any of

the benefits of the agreement. If an agreement is not reached with respect to such representations, the Government making them has the right to terminate the entire agreement.

Article XVIII provides that the two Governments will settle any differences arising in the interpretation or execution of the agreement by peaceful methods and in conformity with treaties and conventions in force between them.

Article XIX provides that the agreement shall be proclaimed by the President of the United States and ratified by the Government of Venezuela. The agreement will enter into full force on the thirtieth day after exchange

of the instrument of ratification of the Venezuelan Government and the proclamation by the President of the United States. It will remain in force, subject to certain special provisions, until December 15, 1942, and may continue in force indefinitely thereafter until 6 months after notice of termination has been given by either country.

Under the terms of a *modus vivendi* signed the same day, the substantive provisions of the agreement, including the general provisions and the schedules of concessions, will enter provisionally into force on December 16, 1939, pending ratification of the agreement by the Venezuelan Government.

Publications

PUBLICATION OF "FOREIGN RELATIONS OF THE UNITED STATES, 1924"

[Released to the press November 10]

Foreign Relations of the United States, 1924, released November 10, is a two-volume compilation of nearly 1,600 pages of documents, principally correspondence, relating to subjects of diplomatic discussion during that year with more than 40 other countries. Most of these papers have not hitherto been made available to the public. Each volume is complete in itself, with table of contents, list of papers, and index.

Volume I opens, as have previous volumes, with a section entitled "General," amounting to nearly half the volume and devoted to subjects of multilateral character, such as international conferences and boundary controversies. Among the other topics of 1924 which appear under this heading are the negotiations looking to the settlement of debts owed by foreign governments, conventions for the prevention of liquor smuggling, and arrangements for an around-the-world flight by United States Army airplanes.

The remainder of volume I consists of the sections under country headings: Albania, Bolivia, Brazil, Bulgaria, Canada, Chile, China, Colombia, Cuba, Czechoslovakia, Dominican Republic, Ecuador, Egypt, Finland, and France. Forty-four separate topics are included in these sections. As in preceding years the China section is extensive, covering 250 pages. Among the topics treated therein are the civil war in North China, the proposal by the Chinese Government to convene a preliminary customs conference, the failure to secure from the interested powers a general acceptance of an arms embargo resolution, and the policy of the Department of State with respect to questions of treaty rights raised by Americans in China.

The wide range of American interests which may receive diplomatic attention in their behalf is exemplified by the efforts made to protect the activities of American archeological investigators in Afghanistan, Albania, and Egypt.

Volume II consists of sections under the following country headings: Germany, Great Britain, Greece, Guatemala, Haiti, Honduras, Hungary, Japan, Lithuania, Mexico, Morocco, Netherlands, Nicaragua, Norway, Panama, Paraguay, Persia, Peru, Rumania, Russia, Spain, Sweden, Switzerland, and Turkey. More than 60 topics are presented in these sections. Under Japan, among the papers on the restriction of Japanese immigration, are the previously unpublished documents of 1907-8 containing the Gentlemen's Agreement.

The section under Germany presents, among other topics, the views of the United States upon its right to participate in reparation payments. Elsewhere, under the appropriate country headings, are treated such subjects as the rights of Americans in mandated areas, most-favored-nation treatment in customs matters, assistance to the Mexican Government in suppressing armed insurrection, policy of the United States with regard to participation in

the Statute of Tangier, rejection by the Nicaraguan Government of proposals to supervise elections, retention of American extraterritorial rights in Persia, questions relating to petroleum production in Rumania and other parts of the world, discontinuance of arms shipments to Turkey, the continuation of American consular protection to Swiss interests in Egypt, and the policy pursued with regard to Russia.

Foreign Relations of the United States, 1924, was compiled in the Division of Research and Publication under the direction of the late Dr. Cyril Wynne, Chief of the Division, and Dr. Ernest R. Perkins, Chief of the Research Section. Copies of the volumes will be available to the public shortly and may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C. The volumes are sold separately at \$1.50 each, cloth-bound (volume I, cxiv, 780 pages; volume II, xciv, 764 pages).

Treaty Information

Compiled by the Treaty Division

ARBITRATION AND JUDICIAL SETTLEMENT

General Act for the Pacific Settlement of International Disputes

There is quoted below the text of a letter from the Swiss Government addressed to the Secretary General of the League of Nations on September 25, 1939, in regard to the declaration made by Australia when adhering to the General Act for the Pacific Settlement of International Disputes, signed at Geneva on September 26, 1928 (see the *Bulletin* of October 7, 1939, Vol. I, No. 15, p. 352):

"[Translation]

"We have the honour to acknowledge the receipt of your letter No. C. L. 144. 1939 of

September 13th, regarding the restriction by the Government of the Commonwealth of Australia of the effect of its accession to the General Act for the Pacific Settlement of International Disputes of September 26th, 1928.

"We have duly noted this communication, which obliges us to make the same reservation as was made by the Swiss Federal Council in regard to the denunciation by certain States of the Optional Clause of Article 36 of the Statute of the Permanent Court of International Justice".

The reservation in regard to the denunciation by certain states of the Optional Clause of the Statute of the Permanent Court of International Justice is printed on page 473 of the *Bulletin* of November 4, 1939 (Vol. I, No. 19).

MUTUAL GUARANTIES

Pact of Mutual Assistance Between Latvia and the Union of Soviet Socialist Republics

There is printed below, in translation, the text of the Pact of Mutual Assistance between Latvia and the Union of Soviet Socialist Republics, signed October 5, 1939:

PACT OF MUTUAL ASSISTANCE BETWEEN LATVIA AND THE UNION OF SOVIET SOCIALIST REPUBLICS

The Presidium of the Supreme Soviet of the U. S. S. R. on the one hand and the President of the Latvian Republic on the other, for the purpose of developing the friendly relations created by the peace treaty of August 11, 1920,¹⁰ which were based on the recognition of the independent statehood and noninterference in the internal affairs of the other party;

recognizing that the peace treaty of August 11, 1920, and the agreement of February 5, 1932,¹¹ concerning nonaggression and the amicable settlement of conflicts continue to be the firm basis of their mutual relations and obligations;

convinced that a definition of the precise conditions insuring mutual safety is in accordance with the interests of both contracting parties;

have considered it necessary to conclude between them the following mutual assistance pact and for this purpose have appointed as their plenipotentiaries:

The Presidium of the Supreme Soviet of the U. S. S. R.;

V. M. Molotov, President of the Soviet of People's Commissars and People's Commissar for Foreign Affairs;

¹⁰ For text, see League of Nations Treaty Series, vol. 2, p. 195.

¹¹ For text, see League of Nations Treaty Series, vol. 148, p. 113.

The President of the Republic of Latvia; Vilhelm Munters, Minister for Foreign Affairs;

who, having mutually verified their credentials, which were found to be executed in the required form and in proper order, have agreed upon the following:

Article I

Both contracting parties undertake to render each other every assistance, including military, in the event of a direct attack, or threat of attack, on the part of any European great power, with respect to the sea borders of the contracting parties on the Baltic Sea, or their land borders through the territory of the Estonian or Latvian Republics, or also the bases referred to in article III.

Article II

The Soviet Union undertakes to render assistance on preferential conditions to the Latvian Army in the shape of armaments and other war materials.

Article III

In order to insure the safety of the U. S. S. R. and to consolidate her own independence, the Latvian Republic grants to the Union the right to maintain in the cities of Liapaja (Libava) and Ventspils (Vindava) naval bases and several airfields for aviation purposes on leasehold at a reasonable rental. The locations of the bases and airfields shall be exactly specified and their boundaries determined by mutual agreement.

For the purpose of protecting the Straits of Irbe, the Soviet Union is given the right to establish on the same conditions a coast artillery base between Ventspils and Pitrags.

For the purpose of protecting the naval bases, the airfields, and the coast artillery base, the Soviet Union has the right to maintain at its own expense on the areas set aside for bases and airfields a strictly limited number of Soviet land and air forces, the maximum number of which is to be fixed by special agreement.

Article IV

Both contracting parties undertake not to enter into any alliances or to participate in any coalitions directed against one of the contracting parties.

Article V

The carrying into effect of the present pact must in no way affect the sovereign rights of the contracting parties, in particular their political structure, their economic and social system, and their military measures.

The areas set aside for the bases and air-fields (article III) remain the territory of the Latvian Republic.

Article VI

The present pact goes into force with the exchange of documents of ratification. The exchange of documents will take place in the city of Riga within 6 days after the signing of the present pact.

The present pact shall remain in force for a period of 10 years, and in the event that one of the contracting parties does not consider it necessary to denounce the present pact 1 year prior to the expiration of such period, it will automatically remain in force for the following 10 years.

In witness whereof the above-named plenipotentiaries have signed this pact and affixed their seals thereto.

Executed in Moscow, in duplicate, in the Lettish and Russian languages, October 5, 1939.

V. MUNTERS

V. MOLOTOV

Pact of Mutual Assistance Between Estonia and the Union of Soviet Socialist Republics

There is printed below, in translation, the text of the Pact of Mutual Assistance between Estonia and the Union of Soviet Socialist Republics, signed September 28, 1939:

MUTUAL ASSISTANCE PACT BETWEEN ESTONIA AND THE UNION OF SOVIET SOCIALIST REPUBLICS

The Supreme Council of the U. S. S. R. on the one part, and the President of Estonia on the other,

Being desirous of promoting the friendly relations which were established by the Treaty of Peace concluded on February 2, 1920,¹² and which are founded upon independent political existence and noninterference in internal affairs of the other contracting party;

Recognizing that the Treaty of Peace of February 2, 1920, and the Pact of Nonaggression and Peaceful Settlement of Conflicts of May 4, 1932,¹³ continue as heretofore the firm foundation of their mutual relations;

Being convinced that it is in the interests of both of the contracting parties to determine the exact terms of insuring their mutual security;

They have considered it necessary to conclude between themselves the following pact for rendering mutual assistance and have designated as their plenipotentiaries:

The Presidium of the Supreme Council of the U. S. S. R.—the Chairman of the Council of People's Commissars and the Commissar for Foreign Affairs, Molotov,

The President of the Republic of Estonia—Minister for Foreign Affairs Selter,

Who have agreed as follows:

Article 1.

Both contracting parties shall be obliged to render each other any mutual aid, also including military assistance, in the case either of a direct aggression or a threat of aggression on the part of some great European power against Baltic maritime borders of the contracting parties or against their land borders via Latvian territory, likewise against bases referred to in article 3.

¹² For text, see League of Nations Treaty Series, vol. 11, p. 30.

¹³ For text, see League of Nations Treaty Series, vol. 131, p. 297.

Article 2.

The U. S. S. R. shall be obliged to render assistance to the Estonian Army with arms and other war materials on favored terms.

Article 3.

The Republic of Estonia shall secure the U. S. S. R. the right to possess on the Estonian isles of Saaremaa (Osel), Hiiumaa (Dagö), and in the city of Paldiski bases for the Navy and a certain number of landing fields for air forces on a leasehold basis at an acceptable price. The exact location of bases and landing fields shall be marked out and the boundaries thereof shall be fixed by mutual agreement.

In the interests of protection of naval bases and landing fields, the U. S. S. R. shall have the right to maintain at their own cost in the sectors apportioned under bases and landing fields Soviet territorial and air forces in exactly fixed numbers, the maximum number whereof shall be fixed by a special agreement.

Article 4.

Both contracting parties shall obligate themselves not to conclude any alliances nor to take part in any coalitions directed against either of the contracting parties.

Article 5.

The entering into force of this pact shall in no way infringe upon the sovereign rights of the contracting parties, particularly their economic system and political structure.

The sectors which are designated as bases and airfields (article 3), shall remain the territory of the Republic of Estonia.

Article 6.

This pact shall enter into force upon the exchange of ratifications. This exchange shall take place at Tallinn within 6 days from the date of the signing of this pact.

This pact shall be valid for 10 years and in case one of the contracting parties does not

abrogate the pact before the expiration of 1 year prior to the termination of its validity, the validity thereof shall automatically be extended for a subsequent period of 5 years.

Article 7.

This pact has been made in two original texts, in the Estonian and Russian languages, in Moscow on September 28, 1939.

V. M. MOLOTOV
K. SELTER

Anglo-Franco-Turkish Treaty of Mutual Assistance

There is printed below the text of the Anglo-Franco-Turkish Treaty of Mutual Assistance, signed on October 19, 1939:

ANGLO-FRANCO-TURKISH TREATY OF MUTUAL ASSISTANCE

The President of the French Republic, His Majesty the King of Great Britain, Ireland and the British Dominions Beyond the Seas, Emperor of India (in respect of the United Kingdom of Great Britain and Northern Ireland), and the President of the Turkish Republic:

Desiring to conclude a treaty of a reciprocal character in the interests of their national security, and to provide for mutual assistance in resistance to aggression, have appointed as their plenipotentiaries, namely:

The President of the French Republic:

M. René Massigli, Ambassador Extraordinary and Plenipotentiary, Commander of the Legion of Honor;

His Majesty the King of Great Britain, Ireland and the British Dominions Beyond the Seas, Emperor of India (in respect of the United Kingdom of Great Britain and Northern Ireland);

Sir Hugh Montgomery Knatchbull-Hugessen, K.C.M.G., Ambassador Extraordinary and Plenipotentiary;

The President of the Turkish Republic:
Dr. Refik Saydam, President of the Council,
Minister for Foreign Affairs ad Interim,
Deputy for Istanbul.

Who having communicated their full powers,
found in good and due form, have agreed as
follows:

Article I

In the event of Turkey being involved in
hostilities with a European power in conse-
quence of aggression by that power against
Turkey, the French Government and the Gov-
ernment of the United Kingdom will coopera-
te effectively with the Turkish Government
and will lend it all aid and assistance in their
power.

Article II

1. In the event of an act of aggression by
a European power leading to war in the Medi-
terranean area in which France and the United
Kingdom are involved, Turkey will collabo-
rate effectively with France and the United
Kingdom and will lend them all aid and as-
sistance in its power.

2. In the event of an act of aggression by a
European power leading to war in the Medi-
terranean area in which Turkey is involved,
France and the United Kingdom will collabora-
te effectively with Turkey and will lend it all
aid and assistance in their power.

Article III

So long as the guaranties given by France
and the United Kingdom to Greece and Ru-
mania by the respective declarations on the
13th of April, 1939, remain in force, Turkey
will cooperate effectively with France and the
United Kingdom and will lend them all aid
and assistance in its power, in the event of
France and the United Kingdom being engaged
in hostilities in virtue of either of the said
guaranties.

Article IV

In the event of France and the United King-
dom being involved in hostilities with a Euro-

pean power in consequence of aggression com-
mitted by that power against either of those
states without the provisions of articles 2 or 3
being applicable, the high contracting parties
will immediately consult together. It is never-
theless agreed that in such an eventuality
Turkey will observe at least a benevolent neu-
trality toward France and the United Kingdom.

Article V

Without prejudice to the provisions of ar-
ticle III above, in the event of either:

1. Aggression by a European power against
another European state which the government
of one of the high contracting parties had,
with the approval of that state, undertaken to
assist in maintaining its independence or neu-
trality against such aggression, or

2. Aggression by a European power which,
while directed against another European state,
constituted, in the opinion of the government
of one of the high contracting parties, a menace
to its own security.

The high contracting parties will immedi-
ately consult together with a view to such com-
mon action as might be considered effective.

Article VI

The present treaty is not directed against any
country, but is designed to assure France,
Great Britain, and Turkey of mutual aid and
assistance in resistance to aggression should the
necessity arise.

Article VII

The provisions of the present treaty are
equally binding as bilateral obligations between
Turkey and each of the two other high con-
tracting parties.

Article VIII

If the high contracting parties are engaged
in hostilities in consequence of the operation of
the present treaty, they will not conclude an
armistice of peace except by common agree-
ment.

Article IX

The present treaty shall be ratified and the instruments of ratification shall be deposited simultaneously at Angora as soon as possible. It shall enter into force on the date of the deposit.

The present treaty is concluded for a period of 15 years. If none of the high contracting parties has notified the two others of its intention to terminate it 6 months before the expiration of the said period, the treaty will be renewed by tacit consent for a further period of 5 years and so on.

In witness whereof the undersigned have signed the present treaty and have thereto affixed their seals.

Done at Angora, in triplicate, the 19th October, 1939.

R. MASSIGLI
H. M. KNATCHBULL-HUGESSEN
Dr. REFIK SAYDAM

PROTOCOL 1

The undersigned plenipotentiaries state that their respective governments agree that the treaty of mutual assistance dated this day shall be put into force from the moment of its signature.

PROTOCOL 2

At the moment of signature of the treaty of mutual assistance between France, Great Britain, and Turkey the undersigned plenipotentiaries, duly authorized to this effect, have agreed as follows:

The obligations undertaken by Turkey in virtue of the above-mentioned treaty cannot compel that country to take action having as its effect or involving as its consequence entry into armed conflict with the U. S. S. R.

The present protocols shall be considered as an integral part of the treaty of mutual assistance concluded today between France, Great Britain, and Turkey. Done at Angora, in triplicate, the 19th October, 1939.

R. MASSIGLI
H. M. KNATCHBULL-HUGESSEN
Dr. REFIK SAYDAM

ORGANIZATION**Protocol for the Amendment of the Preamble, of Articles 1, 4, and 5, and of the Annex to the Covenant of the League of Nations***Netherlands*

According to a circular letter from the League of Nations dated October 16, 1939, the instrument of ratification by the Netherlands of the Protocol for the Amendment of the Preamble, of Articles 1, 4, and 5, and of the Annex to the Covenant of the League of Nations, which was opened for signature at Geneva on September 30, 1938, was deposited with the Secretariat on October 10, 1939.

EXTRADITION**Extradition Treaty With Germany (Treaty Series No. 836)**

By a note dated July 22, 1939, the German Chargé in Washington, on behalf of his Government, requested that this Government agree to the proposal that the operation of the Extradition Treaty between the United States and Germany, signed on July 12, 1930, shall now extend also to the territory in which the former Extradition Treaty between the United States and Austria (Treaty Series No. 822) was effective.

The proposal was accepted by this Government and the notice thereof was given to the German Chargé on November 2, 1939.

The proposal as stated in the above-mentioned note of July 22, 1939, is quoted in translation as follows:

"The Government of the German Reich considers the Extradition Treaty between the Republic of Austria and the United States of America, of January 31, 1930, to have ceased to exist in consequence of the reunion of Austria with the German Reich. Since that time, the German extradition law has been introduced into the state of Austria by the order of April 26, 1939, (*Reichsgesetzblatt* 1939, I, p. 844).

"The Government of the German Reich therefore proposes that the operation of the Extradition Treaty of July 12, 1930, between the German Reich and the United States of America (*Reichsgesetzblatt* 1931, II, p. 403), shall now extend also to the territory in which the former Austro-American treaty was effective.

"I should be greatly obliged to you for the favor of a statement whether the United States Government agrees to this proposal of the Government of the German Reich."

HEALTH

Convention Modifying the International Sanitary Convention of June 21, 1926

Turkey

The American Ambassador to Turkey transmitted to the Secretary of State with a des-

patch dated October 2, 1939, a translation of law No. 3722, whereby the Turkish Grand National Assembly ratified the Convention Modifying the International Sanitary Convention of June 21, 1926, signed at Paris on October 31, 1938. The law, dated July 10, 1939, was published in the *Official Gazette* for July 14, 1939.

COMMERCE

Reciprocal Trade Agreement With Venezuela

A statement and analysis of the general provisions and reciprocal benefits of the trade agreement with Venezuela signed on November 6, 1939, appear in this *Bulletin* under the heading "Commercial Policy."

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